Regenerative Agriculture Capital Orchestrator Midwest

More capital, better deployed

A summary report

February 2026

TransCap Initiative

Preface

About us

The TransCap Initiative (TCI) is a think-and-do tank at the nexus of real-economy systems change, sustainability, and finance. Our vision is to improve the way sustainable finance is purposed, designed and managed so that money can become a transformative force in building a low-carbon, climate-resilient, just, and inclusive society. Our mission is to develop, test and scale systemic investing, a new investment logic for funding systems transformation. We do this through research and conceptual development, prototyping and field building.

The origins of this thinking

This work grew out of the Transition map for regenerative agriculture in the Midwest that the TCI published in 2024. This research paved the way for a collective design process in 2025—facilitated by TCI and in partnership with 20 organizations active in regenerative agriculture in the Midwest, bringing a range of different perspectives from across the system. The report is the result of this process.

The 20 organizations are: the Walton Family Foundation, The Rockefeller Foundation, Potlikker Capital, The Minnesota Farmers Union, McKnight Foundation, Platform for Agriculture and Climate Transformation, Practical Farmers of Iowa, University of Minnesota, Funders for Regenerative Agriculture, Healing Soils Foundation, Zell Family Office, Desert Bloom Foods, Fractal, PepsiCo, TIFS, Zero Foodprint, CREO Syndicate, The Midwest Row Crop Collaborative, Environmental Defense Fund and Food System 6. See Appendix for participant names.

Acknowledgement

The TCI is grateful to Walton Family Foundation and The Rockefeller Foundation for funding the design phase of this project, and The New Capitalism Project for funding its earlier research phase.

Talk to us about this work

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Executive summary

This report presents a proposal for the **Regenerative Agriculture Capital Orchestrator in the American Midwest (RACO Midwest)**, an innovative piece of financial infrastructure designed to catalyze the transition to regenerative agriculture in this critical region.

1. What is RACO Midwest?

RACO Midwest is a collectively governed "financial backbone" organization, with an explicit mandate for system change—to coordinate and direct capital in support of regenerative agriculture in the American Midwest. Its mission is:

> **To change the way money moves through the agricultural system in the region, so that the right kind of capital, in the right amount, flows to the areas with the greatest strategic potential to accelerate the transition to regenerative agriculture.**

2. How was it developed?

It is grounded in the Transition map for regenerative agriculture in the Midwest that the TransCap Initiative (TCI) published in 2024. This research paved the way for a collective design process in 2025 that was facilitated by TCI and run in partnership with 20 organizations active in Midwest agriculture, bringing a range of different perspectives from across the system (see Appendix for the list of participants and organizations).

3. What is it trying to achieve?

Its vision is to transition the Midwest region from intensive, petrochemical-based monocropping to regenerative farming. This is a way of farming that builds soil health and resilience, strengthens ecological systems, creates economic and social value for farming communities and produces nutrient-dense food.

Transforming the entirety of the farming system in the Midwest is a generational project, and not one that can be achieved by RACO Midwest alone.

RACO Midwest will act as a catalyst for this transformation by orchestrating the capital needed to convert 25% of Midwestern farmland to regenerative agriculture over the next 10 years. That transition will cost roughly USD 18.6 billion, of which we estimate some USD 7.5 billion will need to be investment capital. And mobilizing the USD 7.5 billion investment capital needed for a 25% Midwest regenerative transition will require roughly USD 1–1.4 billion of catalytic capital, which RACO Midwest will deploy through its Catalytic Finance function.

4. What will it do?

RACO Midwest will have four strategic functions:

1. **System Intelligence**: A digital platform tracking key indicators of system change, financing flows, deal flow, and impacts of regenerative practices
2. **Capital Matchmaking:** Connecting capital sources with shovel-ready deals, building investor coalitions, and identifying opportunities for "combinatorial effects"
3. **Catalytic Finance**: Structuring and capitalizing innovative financial instruments that address unmet system needs and unlock broader participation
4. **Field Building**: Building investor confidence through shared understanding, compelling stories, and communities of practice

These functions will work synergistically with each other to:

- Help investors and funders put *more* money to work *more effectively*
- Align siloed actors
- Coordinate investments across asset classes to where the capital demand profile matches supply
- Fund synergistic portfolios of projects
- Leverage philanthropic capital to build critical field infrastructure and enabling conditions

5. How will it be governed?

RACO Midwest will be a non-profit platform with a collaborative, multi-stakeholder governance structure, designed to ensure accountability, plurality, and effective coordination across all levels of decision-making. It will integrate input from regional stakeholders, system actors, and financial stewards into a coherent decision-making process. This approach enables the orchestrator to bridge local intelligence with strategic oversight, ensuring that capital deployment and system interventions remain grounded, inclusive, and aligned with the overall transformation mission.

6. How will it be implemented?

For the first two years, RACO Midwest will be run as a fiscally sponsored project by the TCI. The role of TCI as the transition team would gradually decline over that period, as we bring on locally-based staff from across the region to become the core team and ramp up the programs of work.

If all its strategic milestones are met, RACO Midwest would spin out of the TCI at the beginning of Year 3, becoming an independent entity (e.g., a 501c3), rooted in the Midwest and staffed with a regionally-based core team.

7. What's next?

At the time of writing (January 2026), the TCI is sharing this model widely to bring in further funding and partners to implement RACO Midwest. Beyond the Midwest context, it is TCI's long-term intention to harvest the learning to incubate a global platform for capital orchestration in agriculture.

The RACO Midwest story

We started on this journey in 2022, with one central question:

> **How can systemic investing accelerate the transition to regenerative agriculture in the American Midwest?**

To answer that question we began with a transition map, a first-of-its-kind visual analysis of the systemic barriers and leverage points where capital can make a real difference in shifting the structures and dynamics of agriculture in the Midwest. This was made possible by an initial grant of USD 50,000 from the New Capitalism Project, a funder collaborative hosted by the Global Impact Investing Network (GIIN).

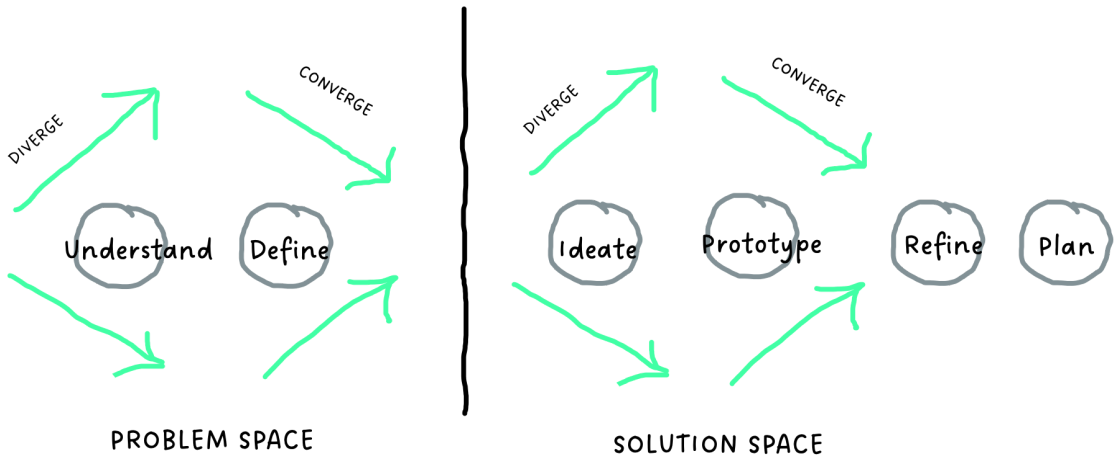
Developing the transition map led to two key insights. One was a set of capital leverage points: solution spaces where we need to crowd in capital and other financial resources (in the broadest possible sense) to create tipping points in the system and support the transition at scale and pace. The other was the realization that there is an urgent need for better orchestration of different flows of financial capital in regenerative agriculture—both in the Midwest and beyond.

Guided by these insights, we embarked on a second phase of the work, focused on designing a financial backbone, or capital orchestrator, in service of the regenerative agriculture transition in the American Midwest. We decided to run this process as a radical experiment in collective financial platform design and received funding to do this from the Walton Family Foundation and The Rockefeller Foundation.

At the beginning of 2025 we convened a 'Design Council' of 20 leading investors, funders, and farming organizations. Alongside TCI, Walton Family Foundation and The Rockefeller Foundation the Council included: Potlikker Capital, The Minnesota Farmers Union, McKnight Foundation, Platform for Agriculture and Climate Transformation, Practical Farmers of Iowa, University of Minnesota, Funders for Regenerative Agriculture, Healing Soils Foundation, Zell Family Office, Desert Bloom Foods, Fractal, PepsiCo, TIFS, Zero Foodprint, CREO Syndicate, The Midwest Row Crop Collaborative, Environmental Defense Fund and Food System 6.

The process consisted of five workshops which addressed key design questions, from defining the strategic boundaries for the work and identifying key functions for the capital orchestrator, to designing the governance architecture and deciding on questions of legal structuring.

Between sessions, the TCI team 'sprinted' to address key research gaps through targeted literature reviews and stakeholder consultations, iteratively refining the capital orchestrator model into the form articulated in this document.



We cannot emphasize enough how much this design process was a shared, collaborative endeavor. Alongside the Design Council over 30 additional people and organizations generously donated their time, expertise, and wisdom. We are immensely grateful and indebted to them all.

The state of play

The case for regenerative agriculture in the American Midwest

The American Midwest is one of the world's largest and most productive agricultural regions, contributing more than USD 152 billion to the U.S. agricultural economy. Yet it powerfully demonstrates the challenges of conventional agricultural practices—it is the largest single contributor to nutrient pollution in U.S. waterways and accounts for nearly half the 10–15% GHG emissions that agriculture contributes to U.S. emissions.

Regenerative agriculture has emerged as a promising agent of transformation. The approach encompasses practices such as no-till farming, cover cropping, diversified crop rotations, livestock integration, and the use of green manure. These methods contribute to reducing carbon emissions, enhancing on-farm biodiversity, and improving the nutritional content of food through better soil health.[1] And they play a crucial role in recarbonizing our soils, which is essential given that soil stores more carbon than the world's biomass and atmosphere combined.[2]

Regenerative agriculture also offers socio-economic opportunities for farming communities. By diversifying their production base, farmers can achieve greater economic stability and resilience against market fluctuations. Healthier, more resilient soils reduce the dependency on synthetic fertilizers and pesticides, lowering input costs and reducing reliance on large agrochemical companies. Done right, regenerative agriculture could also support the resurgence of small businesses that provide necessary services and products for regenerative farming, fostering a community that lives in harmony with nature.

And yet, despite the vast potential, there is a problem of persistent underinvestment in regenerative agriculture. Although the world invests approximately USD 600 billion in climate finance annually, less than 4% of that is going towards food systems,[3] and even less towards regenerative farming.

[1] National Academies of Sciences, Engineering, and Medicine (2024). Exploring linkages between soil health and human health. The National Academies Press
[2] Lustgarten, A. (2014). Soil as carbon storehouse: New weapon in climate fight? Yale Environment 360.
[3] World Economic Forum (2023) "Green Returns: Unleashing the power of finance for sustainable food systems"

Why capital orchestration matters

Capital is already flowing into regenerative agriculture—including in the Midwest—from sources as wide-ranging as federal government programs, foundations, and venture capitalists.

For instance, the Inflation Reduction Act allocated USD 19.5 billion to the Natural Resources Conservation Service (NRCS) for climate-smart agricultural programs, and according to Croatan Institute, private capital in U.S. sustainable and regenerative farmland was already at USD 50 billion around 2019.[4] And there is growing interest in regenerative agriculture from both philanthropic funders and commercial investors, further strengthening the supply side of capital.

We also know that there is *demand* for capital. A review of the Environmental Quality Incentives Program (EQIP) from recent years shows that the demand for EQIP funding and incentives consistently exceeds the available allocations, regardless of changes in funding levels.[5] And interest in programs run by the Natural Resources Conservation Service (NRCS) has exceeded available funding since 2023.[6]

However, money for regenerative agriculture still flows—for the most part—into single-point solutions: funding for one processing facility, investment in individual start-ups, grants for individual conservation projects, and so on. This approach is ill-suited for transformative change in the agricultural system. For instance, agricultural practices in the Midwest currently rely on intensive mechanized monocropping, which causes a range of environmental, socioeconomic, and health issues.

To transition such a system from its extractive status quo to regenerative and healthy practices requires innovative farming technologies, new supply chain facilities, different lending and insurance products, market-building mechanisms, and technical assistance programs, amongst other things. Importantly, each of these interventions has specific financing requirements: some are investable with market-rate or concessional investment capital, others require grants from foundations or subsidies and tax incentives from governments, and still others depend on new insurance products, supply chain finance, income from carbon credits, or advanced market commitments from corporations.

[4] Croatan Institute (2019) "Soil Wealth: Investing in Regenerative Agriculture across Asset Classes"
[5] Jonathan Copess (2023) "Farm Bill 2023: NRCS Backlogs and the Conservation Bardo"
[6] Climate Reality Project (2024) "You Say You Want a Regenerative Future – So Do American Farmers", USDA (2023) "As USDA Sees Record Interest in Conservation and Clean Energy Programs, Swift Implementation of Inflation Reduction Act Funding Continues"

A first-of-its kind model

So the challenge of funding regenerative agriculture is two-fold: not only do we need *more* capital, but we also need to *better deploy* the capital we have. There remains much work to do on both sides of this problem.

On the quantity side, although we don't yet have a dataset for the total amount of capital supporting regenerative agriculture in the Midwest (this is in fact a priority workstream for RACO Midwest), The Rockefeller Foundation and TIFS have estimated the capital gap on a global level to be between USD 250-430 billion annually for the next decade.

On the quality side, we need to amplify existing efforts, improve cross-sectoral coordination amongst capital deployers, facilitate dealflow and project/investor matchmaking, and close gaps in the landscape of financial instruments needed for a whole-system transition to regenerative practices.

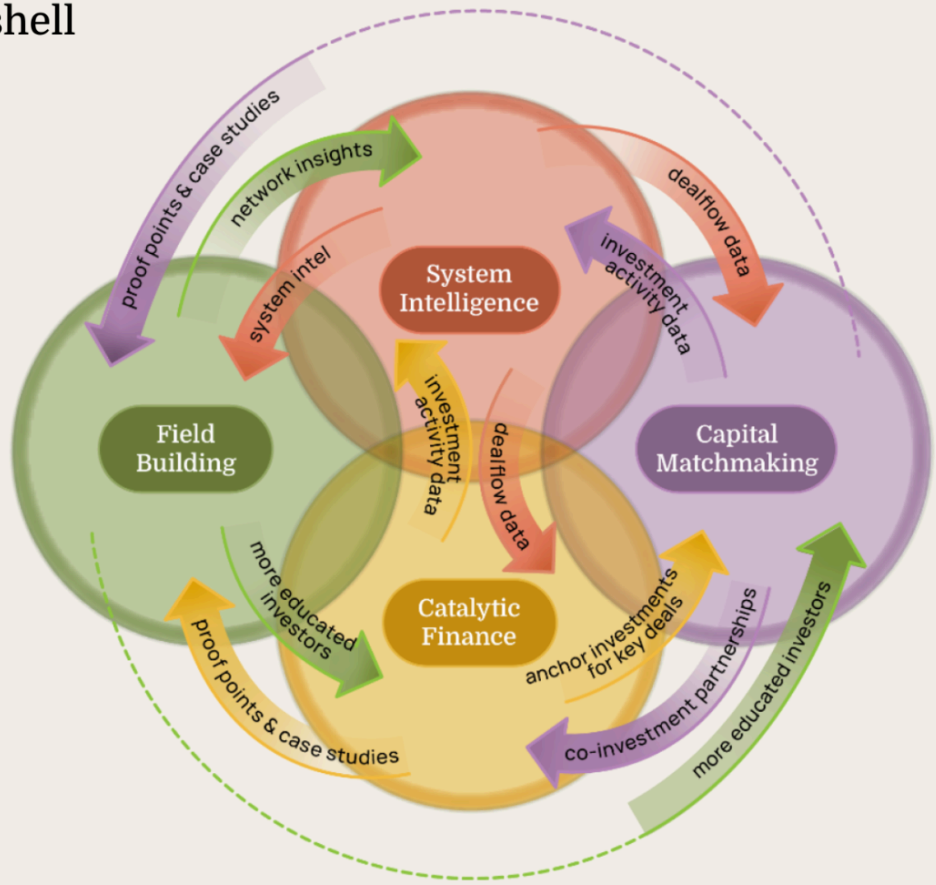
The concept of financial backbones, or capital orchestrators, has been developed to address both of these challenges simultaneously.[7] While it has long been recognized that (generic) backbone organizations play a critical role in systems work[8]—by convening stakeholders, aligning agendas, and advocating for collective action—they rarely engage with investment capital and other financial instruments, which are often the ultimate determinants of whether projects and initiatives get implemented. Meanwhile, capital deployers—such as impact investors, asset managers, financial institutions, banks, government agencies, and foundations—are skilled at allocating funds within their mandates but seldom step into the work of convening, coordinating, or advocating across a system.

So to finance the transition we need a capital orchestrator: an entity dedicated to strategically mobilizing, coordinating, and deploying financial capital to catalyze a systemic transformation. And this is precisely where RACO Midwest serves as a first-of-its kind model. The implementation of RACO Midwest will not just catalyze the transition of the regional farming system, but also pave the way for a global expansion of the RACO Midwest approach into other agricultural regions around the world.

[7] For an introduction to financial backbones, please refer to the TransCap Initiative's white paper (2025) "Financial Backbones: Capital Orchestration for Systems Transformation"
[8] cf. Turner et al. (2012), "Understanding the Value of Backbone Organizations in Collective Impact: Part 1", Stanford Social Innovation Review

The model in detail

The model in a nutshell



More capital, better deployed

RACO Midwest will be a capital orchestrator, or financial backbone organization, that mobilizes, coordinates, and directs capital at scale in support of regenerative agriculture in the American Midwest.

Its vision is:

> **To catalyze deep and structural change in the Midwest's agricultural system, transitioning it from intensive petrochemical-based monocropping to regenerative practices.**

Its mission is:

> **To change the way capital moves through the agricultural system in this region, so that more money of the right kind flows to the areas with the greatest strategic potential to accelerate the transition.**

Its north star is:

> **To deploy USD 1.4 billion of catalytic capital, mobilizing and orchestrating an additional USD 7.5 billion in investment capital needed to transition 25% of Midwestern farmland to regenerative agriculture over the next 10 years.**

In other words: “More capital, better deployed”.

Capital orchestrators are a new type of entity in the financial ecosystem, characterized by a collaborative, multi-stakeholder governance system that draws in a plurality of perspectives on system change, ensures checks and balances are in place, and safeguards against mission drift.

The model inherently acknowledges that system change is beyond the scope and power of any one organization. The aim is therefore not to establish a new organization that acts alone but to build on and amplify what already exists, working with others to nurture the enabling conditions, trust, and coordinated action needed for transformation.

RACO Midwest will:

- Help investors and funders put *more* money to work *more effectively*
- Align siloed actors
- Coordinate investments across asset classes to where the capital demand profile matches supply
- Fund synergistic portfolios of projects

- Leverage philanthropic capital to build critical field infrastructure and enabling conditions

Initially, it will integrate four key strategic functions: System Intelligence, Capital Matchmaking, Catalytic Finance, and Field Building. As it builds a track record and gains greater intelligence about the system its remit and scope could adapt and expand. This might, for example, include demand-side programs such as designing advance market commitments or facilitating public procurement programs in alignment with initiatives such as The Rockefeller Foundation's Regenerative School Meals Initiative.

Vision

From...	To...
Intensive, input-heavy monocropping that depletes soil, pollutes watersheds, and diminishes biodiversity.	**Diversified agricultural systems** that regenerate soil, protect watersheds, and enhance biodiversity through ecologically sound practices.
Farmers trapped in cycles of debt, struggling to cover living expenses.	**Farmers thriving economically**, with profitable operations and improved quality of life.
Declining rural population driven by lack of economic opportunities and high land prices, and low appeal for next-generation farmers.	**Vibrant rural economies** where communities are revitalized and empowered, and farming is restored as a source of pride and opportunity.
A diet dominated by ultra-processed foods, refined grains, and added sugars—driving chronic diseases like obesity, cardiovascular disease, and type 2 diabetes.	**People have access to diverse, nutrient-dense foods**, promoting human health and resilience.
Midwestern agriculture as a major climate contributor due to its high emissions of greenhouse gases like methane and nitrous oxide.	**Midwestern agriculture is a climate solution**, building soil carbon, cycling nutrients, and increasing resilience to climate shocks.
Systemic inequities in land access and capital, disproportionately excluding farmers of color and underserved communities.	**Equitable access to land, capital, markets, knowledge** —systems level the playing field for underserved farmers and support diverse, inclusive local economies.

Theory of Transformation

We believe that an integrated provision of the four strategic functions will—together with other activities in the system (e.g., policy advocacy)—significantly increase the rate of conversion of Midwest farmland from unsustainable to regenerative practices.

Impact pathway: causing social contagion in regenerative agriculture

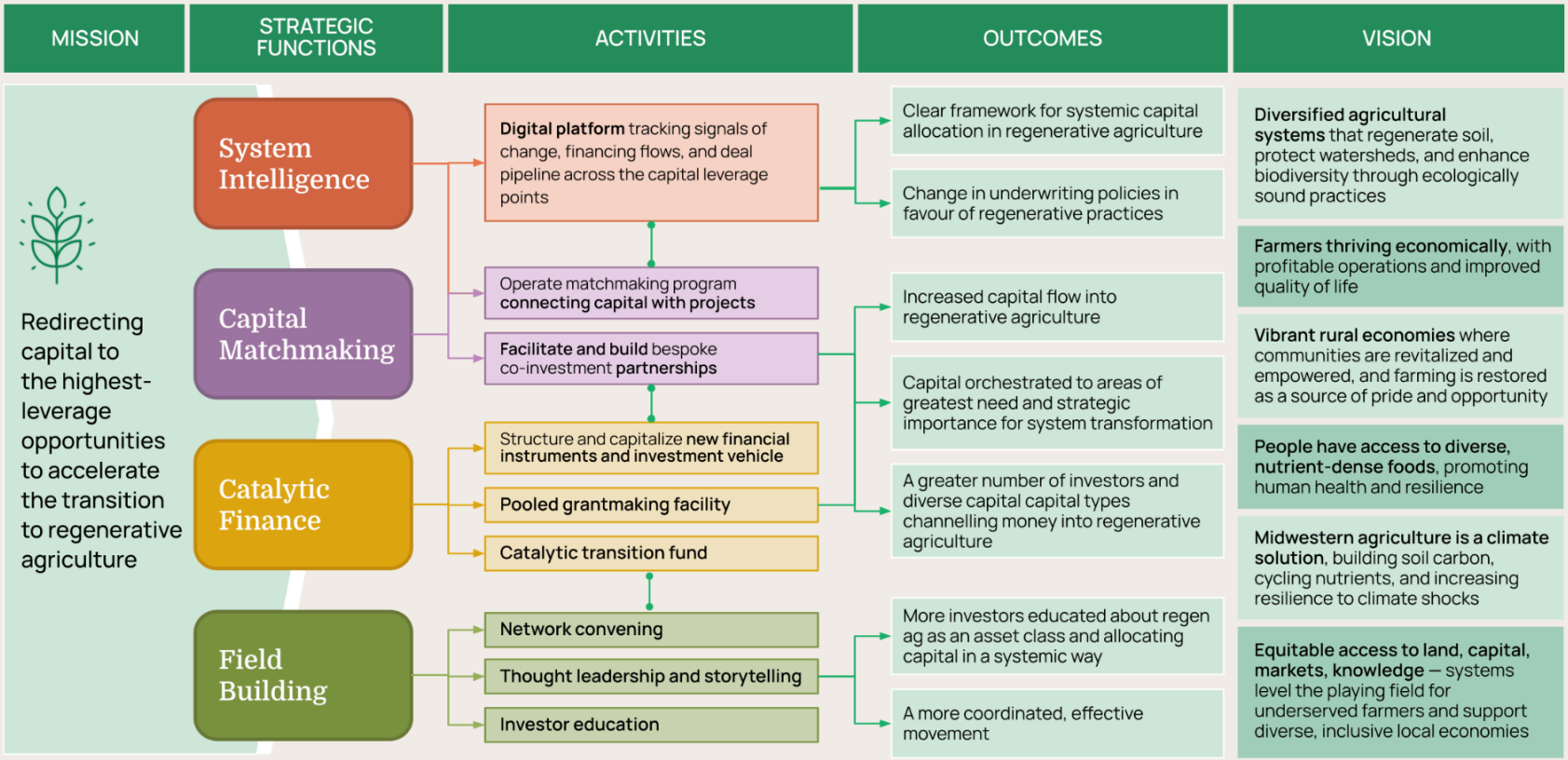
We know we cannot do everything, everywhere, all at once, and that no single organization will be able to catalyze the transition of *all* of Midwest agriculture. However, we also know that a persistent, consistent minority can influence the majority. Minority Influence Theory and modern network models often refer to this as the "social tipping point" or "social contagion". Recent experiments show that when this minority reaches roughly 25%, their influence becomes self-sustaining and spreads rapidly. At this point, a new behavior becomes so normalized that others begin to feel social permission to follow. Hence, our north star is to use finance to catalyze the transition of 25% of farmland acres in the Midwest over the next 10 years.

What this means in practice: costing out the transition

We estimate that transitioning 25% of Midwest farmland will cost USD 18.6 billion and require the mobilization of USD 1.0-1.4 billion in catalytic capital, primarily in the form of first-loss guarantees, credit enhancement, and technical assistance. We arrive at these numbers by:

- Defining "the Midwest" as the eight states of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio and Wisconsin, which together have about 148.7 million acres of agricultural land, 25% of which is 37.2 million
- Estimating that the cost of regenerative transition is USD 500/acre, with a 40/60% Capex-to-OpEx split
- Assuming that each U.S. dollar of catalytic capital mobilizes six dollars of commercial capital

Theory of transformation



Strategic boundaries

As a result of many deep and rigorous discussions, the Design Council has established the following strategic boundaries for RACO Midwest:

- **Food AND feedstocks:** RACO Midwest will orchestrate capital in support of both food and feedstock production, emphasizing diversification and regenerative practices rather than strict product categories. This balanced approach aligns closely with regional agricultural realities in the Midwest, enabling broader participation, investor engagement, and meaningful progress toward regenerative outcomes. We recognize that a system-level transition like this is a long and complex process, and we want to ensure that the work of RACO Midwest will meet people where they are, helping them "move up" that spectrum.
- **A regional lens**: RACO Midwest will be guided by strategic opportunities, momentum, and existing ecosystems of initiatives and partnerships. This will allow the orchestrator to leverage regional interconnections while retaining the agility to capitalize on tactical, localized opportunities as they emerge.
- **Measuring success:** We will work with 'acres impacted' as our initial headline goal, focusing on contributing to the transition of 37.2 million acres of farmland across the Midwest (equivalent to 25% of total acres), but with the recognition that a number of other system health indicators need to sit alongside that. Those additional indicators are holistic, cover a range of dimensions, and will likely include things like increased farmer income, improved equity in resource access, amount of additional carbon sequestered, and so on. This approach emphasizes practical and measurable transformations that collectively signify systemic change.

The four strategic functions

System Intelligence
Knowledge infrastructure for the ecosystem

Digital platform providing a systemic capital deployment framework for regenerative agriculture in the Midwest, tracking key indicators of system change, financing flows, deal flow, and impacts of regenerative practices.

Capital Matchmaking
Connecting capital to the right opportunities

Act as a 'matchmaker' between capital sources and 'shovel ready' deals, building investor coalitions around systemic needs areas, and identifying opportunities for combinatorial effects between individual investments.

Catalytic Finance
Deploying capital to accelerate the transition

Work in partnership with fund managers to structure and capitalize innovative financial instruments that address unmet needs in the system and bring more capital allocators to the table, helping unlock broader participation.

Field Building
Building knowledge and momentum for the transition

Build investor confidence and knowledge by developing shared understanding, telling compelling stories, and convening communities of practice that support learning, alignment, and momentum across the system.

Design principles

All of the strategic functions of RACO Midwest have been designed and will be managed with a set of principles which put systems thinking at their heart:

- **System-first**: RACO Midwest will drive long-term system transformation, not simply surface individual deals. Opportunities, insights, and learning are organized around system leverage points, enabling capital and information to flow where it is most needed.
- **Collectively governed and human-centric**: RACO Midwest will support the needs and perspectives of investors, funders, policymakers, practitioners, and researchers—across institutional investors, foundations, DFIs, and family offices. It will prioritize relationship-building, peer-to-peer exchange, and collaborative learning. Indicators, deal selection, and learning agendas are shaped—and credibility ensured—by the ecosystem.
- **Data-enabled, not data-driven**: Technology enables faster, lower-friction data collection, but data is treated as a tool for sensemaking, not an answer in its own right. Indicators are interpreted through multiple perspectives and shared definitions of progress, with space for debate and iteration.
- **Adaptive**: RACO Midwest will be structured for ongoing learning and adaptation as the system evolves.

Function 1: System Intelligence Platform (SIP)

Overview

The SIP is a first-of-its-kind living system map focused on regenerative agriculture in the Midwest. It provides critical knowledge infrastructure for RACO Midwest, providing a container for multiple forms of data and information about the system that are useful and actionable for capital deployers. It will use the seven capital leverage points identified in the transition map as the basis of a systemic capital allocation framework.

Conventional approaches frame data as the source of insight. In contrast, the SIP is a relational enabler. It supports collective processes of pattern recognition, sensemaking, and decision-making, so that capital allocation is responsive to (collectively understood) changes in the system.

The bulk of the information on the SIP will be open and free for anyone to access as a 'public good' and will therefore need ongoing grant funding. However, there will be a layer of the

platform—most notably dealflow data—which will contain confidential company information and will therefore be restricted to paying subscribers. The key audience for the SIP will be investors and funders who will use it as part of the RACO Midwest Matchmaking Program and their own individual funding activities. This will help diversify the income streams for RACO Midwest over time.

The SIP will also be able to enter into data-related collaborations with others, potentially creating shared infrastructure for the regen ag community, as well as hosting other useful data layers.

Core features

1. Leverage point navigator

An interactive system map that allows users to explore the seven leverage points, the underlying systemic challenges they address, as well as the capital intervention areas associated with them. This acts as a visual, dynamic system transformation framework.

2. Intervention area profiles

Each leverage point includes key capital intervention areas (e.g., insurance, transition loans, technical assistance, infrastructure investment, data aggregation, etc.). For each area, users will be able to view: a concise explanation; capital needs estimates (see below); and, a real-time deal pipeline of active projects (see below).

3. System health indicators

The SIP will provide a set of indicators against each leverage point, tracking both quantitative and qualitative metrics of change, such as the number of regenerative agriculture programs at land-grant universities or the number of acres under regenerative management. The indicators will be identified, tracked, and updated in partnership with experts in the field.

Due to the complexity of this endeavor, we will initially keep the list of indicators relatively short and be explicit in our explanations about why those particular indicators have been chosen/are able to be tracked, and whether they are leading or lagging indicators of progress.

4. Capital needs dashboard

The SIP will also include a visualization of the scale and structure of investment required for the transition across all leverage points, including estimates of: overall financing needs, existing capital flows, funding gaps and capital stack configurations required.

5. Deal flow tracker

A live pipeline of deals, pilots, funds, and initiatives, sortable by: leverage point and intervention area; project stage and capital needs; geography and ecosystem function. This module will sync with external CRM and deal-matching platforms to facilitate real-time investor engagement.

Strategic objectives

Our ambition is for the SIP to become a best-in-class systemic data platform on two fronts:

1. As a provider of systemic intelligence to the field of regenerative agriculture, in the Midwest initially, but eventually on a global level
2. As a first of its kind 'living system map' dedicated to tracking system transformation

The SIP will increase strategic and coordinated capital mobilization and allocation by:

- Providing a clear framework for systemic capital mobilization and allocation
- Providing investors, funders, and other stakeholders in the system with a clearer, more holistic picture of where money is flowing in the system, as well as where the greatest financing needs and specific investment opportunities are
- Facilitating systemic capital mobilization and allocation through the utilization of data on the platform to inform matchmaking and investing activities
- Supporting more effective flows of information through strategic, data-driven alliances
- Providing information needed to understand what is happening in the system, and how RACO Midwest needs to adapt its strategy, as part of ongoing learning, sensemaking, and strategy adjustment processes

Function 2: Matchmaking Program

Overview

The Matchmaking Program will be RACO Midwest's capital coordination solution, powered by the dealflow tracker in the SIP (see previous section). It will curate the first-ever dealflow database aligned with leverage points and oriented towards system transformation.

The backbone team will draw on this data, and work with a diverse ecosystem of capital allocators, to coordinate and facilitate capital deployment into areas of strategic importance. Each investment opportunity in the dealflow tracker will be tagged by leverage point(s) and intervention area(s), enabling capital providers to efficiently filter, prioritize, and allocate resources according to their thematic interests, geographic priorities, potential reporting/MRV needs, or broader strategic objectives.

The Matchmaking Program will be capital-agnostic, explicitly focused on aligning system needs with appropriate financial instruments—whether grants, debt, equity, or combinations thereof—depending on the specific requirements of each project.

Capital allocators will pay a small subscription fee to access the dealflow tracker. In addition, there will be a membership fee for participating in the Matchmaking Program, and a small, one-time fee paid up front when a matchmaking transaction is made. This will enable RACO Midwest to generate a revenue stream to cover part of the administrative costs, making it less reliant on grant funding over time.

Core activities

- Tech-enabled deal origination by the SIP will automate scraping, parsing, and tagging of public and partner sources to build and maintain a rich and constantly updated deal pipeline.
- RACO Midwest's backbone team will undertake strategic analysis and filtering, assessing all opportunities for alignment with the theory of transformation, key leverage points, and financing needs estimates.
- The team will then use that data to connect capital sources to deals and projects in need of funding, through a series of dealmaker roundtables and regular dealflow updates for program members.
- It will work in close collaboration with the Fieldbuilding Function, cultivating a segment of the capital ecosystem engaged through the field building work for matchmaking activities. This will ensure that deal flow, capital availability, and investor learning evolve in tandem.
- It will curate shared due diligence amongst its members to avoid duplication and enable cost-sharing and open exchange.
- It will also play a key role in structuring co-investment opportunities, recognizing that many high-impact deals will not happen through market logic alone and require collaborative action, innovative structuring, and concerted fundraising efforts.
- Where structural market gaps are evident and co-investment opportunities exist, the Matchmaking Program will engage in capital structuring and mobilization, designing new financial vehicles that address these gaps and launching those as part of its Catalytic Finance function.

Strategic objectives

- Enables capital providers to see where their capital can have the greatest impact
- Facilitates the flow of capital to where leverage is greatest, aligning capital provision with system needs
- Actively curates connections between capital holders and investable projects
- Facilitates co-investment partnerships around key financing areas

Function 3: Catalytic Finance

Overview

At the heart of RACO Midwest's capital deployment thesis is an investment architecture that spans multiple types of financial capital and is rooted in the system's actual financing needs. To catalyze this investment architecture, we will create a catalytic investment fund which will deploy different types of capital—with a high degree of flexibility—into priority intervention areas.

Catalytic finance in agriculture is particularly well-suited to support critical solutions not yet positioned for commercial investment; the de-risking of investments for market-rate investors, securing their initial participation and unlocking additional commercial capital over time; as well as piloting projects which can create tipping points in the system through their transferability and/or scalability.

We don't yet have a dataset of catalytic-to-commercial leverage ratios in regenerative agriculture in the Midwest. What we do know from global Climate Policy Initiative data, is that blended climate transactions mobilize on average USD 6 of commercial capital per dollar of concessional capital.[9]

Mobilizing the USD 7.5 billion investment capital needed for a 25% Midwest regenerative transition will therefore require roughly USD 1–1.4 billion of catalytic capital—primarily in the form of first-loss guarantees, credit enhancement, and technical assistance.[10] Based on this evidence and existing U.S. case studies (Mad Capital, Soil & Water Outcomes Fund, etc.), we can conservatively assume that—once we've reached our target of USD 100 million AUM for the Catalytic Fund by 2031—we will likely have leveraged roughly USD 600 million of additional investment capital into regenerative agriculture in the region.

Strategic objectives

The Catalytic Fund responds to several key needs identified through our research and analysis:

- Grow the amount of catalytic capital in the system. It is crucial for driving the transition to regenerative agriculture, yet remains very scarce.
- Aggregate catalytic capital for greater impact. Existing resources are typically dispersed in small allocations, limiting their ability to achieve systemic change.

[9] CREO Syndicate (2025) Building Leverage for Landscape-Scale Nature Outcomes with Catalytic Capital

[10] CREO Syndicate (2025) Building Leverage for Landscape-Scale Nature Outcomes with Catalytic Capital

- Enable strategic coordination at scale. The lack of coordination amongst these smaller pools of capital significantly diminishes their effectiveness, hindering collective impact and slowing system-wide transformation.

Establishing a Catalytic Fund within RACO Midwest directly addresses these issues by aggregating fragmented resources into a unified, strategically deployed investment vehicle that can target significant system needs.

That said, the goal here is not to build a large, dominant investment vehicle that rivals existing fund managers. Instead, the idea is to create a pool of "smart", flexible, and highly mission-aligned capital capable of (i) signaling where and how investment capital needs to flow, (ii) mitigating actual and perceived investment risks, and (iii) crowding in capital from other sources. In this way, the Catalytic Fund will also catalyze the Matchmaking Program, providing anchor investment into the same solutions that we ask third-party investors to back.

More specifically, the Catalytic Fund will generate the following strategic benefits:[11]

- **Signaling:** RACO Midwest will be able to role-model capital deployment, thereby highlighting investment needs and raising the bar for everyone else.
- **Standing and influence:** RACO Midwest will be taken more seriously by certain capital deployers (indirect power through peer effect) and have more influence over others in the ecosystem (direct power through capital provision)
- **Speed and agility:** The Catalytic Fund will move RACO Midwest into operational mode more quickly, contributing to trust building, and later allowing it to deploy capital faster and with greater agility.
- **Capital aggregation:** It will allow RACO Midwest to act as an aggregator and (re-)allocator of capital, helping mobilize additional capital (especially from capital deployers not rooted in the system/place) from a diverse set of sources (e.g., small foundations, family offices, and private investors) while creating a useful distance between investors/grantors and investees/grantees.
- **Revenue diversification:** It will open up a new revenue stream for RACO Midwest (asset management), thereby reducing its dependence on philanthropic funding.

Overarching design

The Catalytic Fund will be designed to deliver on the strategic objectives above while adhering to best practices for managing impact-first investment funds.[12] Specifically:

[11] Chapter 4.1 of TCI's white paper Financial Backbones:Capital Orchestration for Systems Transformation elaborates on the opportunities (and risks) of financial backbones operating with its own capital pools. In sum, there are several strategic benefits that come with this and collectively outweigh the drawbacks and risks.

[12] Our thinking on the design and operation of the Catalytic Fund is inspired by the GroundBreak Coalition, a capital orchestrator focused on closing racial wealth gaps in Minneapolis-St. Paul. GroundBreak operates three catalytic capital

- **Strategic direction and oversight:** RACO Midwest's main governance bodies will have the strategic oversight and high-level decision-making authority over the investments that the Catalytic Fund makes.
- **Day-to-day management:** The day-to-day operations of the Catalytic Fund will be delegated to one or more fund manager(s) with appropriate track records, compliance coverage, and operational systems to identify, perform due diligence on, structure, and execute on individual investments.

This setup has a range of benefits:

- It ensures that the fund is managed professionally and in compliance with applicable financial market regulations.
- It allows RACO Midwest to benefit from the track records of established fund managers, a key criterion for capitalizing the Fund.
- It allows RACO Midwest to maintain its non-profit status whilst effectively retaining control over a strategically important capital pool.

To cover the operating costs of this setup, the Catalytic Fund will charge a management fee (a percentage of assets under management) but no performance fee (carried interest). The specific terms and Fund structure will be developed in the implementation phase.

Investment strategy

The Catalytic Fund's detailed investment strategy and term sheet will be developed in partnership with the future fund manager(s). The strategy will incorporate the following high-level principles:

- **Investments:** The Catalytic Fund will invest in high-impact projects and companies that closely align with RACO Midwest's theory of transformation. In so doing, the selection of investments will be guided by its systemic impact measurement and monitoring (sIMM) framework and the outputs from its learning and sensemaking processes. In building its portfolio, the Catalytic Fund will (i) emphasize strategic synergies across assets to enable system-wide risk reduction and impact amplification and (ii) prioritize investments that require catalytic capital (e.g., for de-risking or signaling) rather than those with a strong market-rate risk/return profile.
- **Instruments:** The Catalytic Fund will operate with a high degree of flexibility so that it can work across the capital spectrum (market-rate, concessional, and philanthropic capital) with a broad set of instruments (equity, loans, grants, guarantees, etc).
- **Capital sources:** The Catalytic Fund will initially pool capital from mission-aligned investors and funders, particularly DAFs, grants and program-related investments

funds, one each for entrepreneurship, homeownership, and commercial real estate development. Each of these is managed by a fund manager specialized in the relevant asset class, but overall strategic guidance and oversight is provided by the main governance bodies of the GroundBreak Coalition at large. For more information, see here.

from foundations, and impact-first capital from family offices and high net-worth impact investors.[13]

- **Size:** The ambition is to raise at least USD 100 million over the first five years so that the Catalytic Fund has enough capital to (i) deliver on its strategic objectives and (ii) generate enough revenue from management fees to sustain itself financially. The long-term ambition is to continue on a trajectory of exponential growth, evolving to USD 500 million, then USD 1 billion and eventually USD 1.5 billion AUM within the next decade. That said, the first close will be at a much lower amount (e.g., USD 5 million) to prove the model.

Structure

The Catalytic Fund will have two compartments: a non-profit sleeve and a for-profit sleeve.

The **non-profit sleeve** will use grants, guarantees, and other philanthropic or highly concessionary instruments to support solutions that are underfunded or uninvestable yet essential to the regen ag transition:

- Education and capacity building (e.g., regenerative agronomy fellowships and technical assistance to farmers)
- Data solutions (e.g., collecting and analyzing data to support equitable underwriting for insurance and lending)
- Market development for regenerative products (e.g., helping agricultural entrepreneurs reach investment readiness)
- Financial support for producers (e.g., loan guarantees, grants for on-farm projects)
- Narrative shifting (e.g., research and communications about nutrient density)

The **for-profit sleeve** will focus on de-risking investable solutions for market-rate investors, providing strategic injections of capital into potential tipping points, and supporting innovative funds and solutions. This includes investing in:

- Transition finance solutions (e.g., investing in regen ag lenders), paying particular attention to traditionally underrepresented and underserved communities (e.g., female, BIPOC farmers)
- Solutions which expand access to land for regenerative agriculture (e.g., farmland investment funds)
- Agricultural data solutions (e.g. geospatial data platforms tracking impacts of regenerative practices)
- Technology which supports efficiency and drives cost reductions (e.g., alternatives to synthetic inputs, precision ag tools, etc.)

[13] Initial informal conversations with possible capital providers suggest that there will be a high level of interest in this structure.

- Supply chain infrastructure for regenerative agriculture (e.g., financing for processing and storage facilities)
- Scaling capital solutions in regen (e.g., investing in the existing intermediaries and emerging fund managers)
- Building the entrepreneurship ecosystem (e.g., venture studio and accelerator models)

Function 4: Field Building

Overview

The amount of money that RACO Midwest can deploy through its Catalytic Fund, or formally coordinate through its Matchmaking Program, is ultimately going to be small compared to how much capital we can inspire others to deploy. Therefore our success will rely on how well we can build the field of capital allocators for regenerative agriculture, and in doing this, inspire billions to flow into this space.

The Field Building function aims to enable the long-term growth of regenerative agriculture as an investable asset class. Its primary strategic objective is to expand the volume, diversity, and alignment of capital flowing into regenerative systems by cultivating trust, relationships, and shared understanding among stakeholders in the system. It will support those objectives through a program of work which will include thought leadership, investor education, convenings, and targeted communities of practice.

This function will be particularly focused on engaging institutional investors and other large-scale capital providers, recognizing that their participation is essential to achieving system-scale impact. Where relevant, it will also work with partners focused on policy advocacy, to translate these insights into policy recommendations.

The Field Building function also contributes to the matchmaking and investment work by clarifying the criteria used by investors to define and evaluate investments in regenerative agriculture, identifying and facilitating co-investment opportunities, and translating systemic intelligence into language and formats relevant to capital allocators.

Core activities

1. Research and thought leadership
Develop and disseminate high-quality research and original conceptual thinking that elevates regenerative agriculture as a credible, investable pathway. This could include: promoting investment success stories, creating data-driven insights and papers that translate systems

work into investor language, and producing multimedia content (e.g., videos, podcasts, interviews) to amplify field experiences.

2. Community of practice development and facilitation
Establish and facilitate active communities of practice (CoPs)—e.g., on topics such as capital gaps in regenerative agriculture—that enable ongoing relationship-building, knowledge exchange, and strategic alignment across capital providers. This includes:

- Designing and facilitating regular CoP meetings around critical capital gaps and challenges in the field. Some of these may graduate to dealmaking roundtables hosted within the Matchmaking Program if enough investor demand and corresponding dealflow can be identified.
- Designing peer-learning formats (e.g., thematic cohorts, cross-capital roundtables).
- Using the SIP to share tools, frameworks, and deal insights with the network.

3. Convening and network building
Co-host strategic convenings that bring together institutional investors, philanthropic funders, public finance actors, and others across (and beyond!) the capital spectrum. Activities may include: producing or partnering on flagship ecosystem gatherings and mainstream investor conferences and events to bring our message to a wider audience.

4. Investor education
Collaborate to deliver educational offerings that increase investor fluency in regenerative systems and finance, expand the field's capacity and strengthen investor confidence. Potential formats include: briefing papers, investment primers, training modules, site visits and learning journeys.

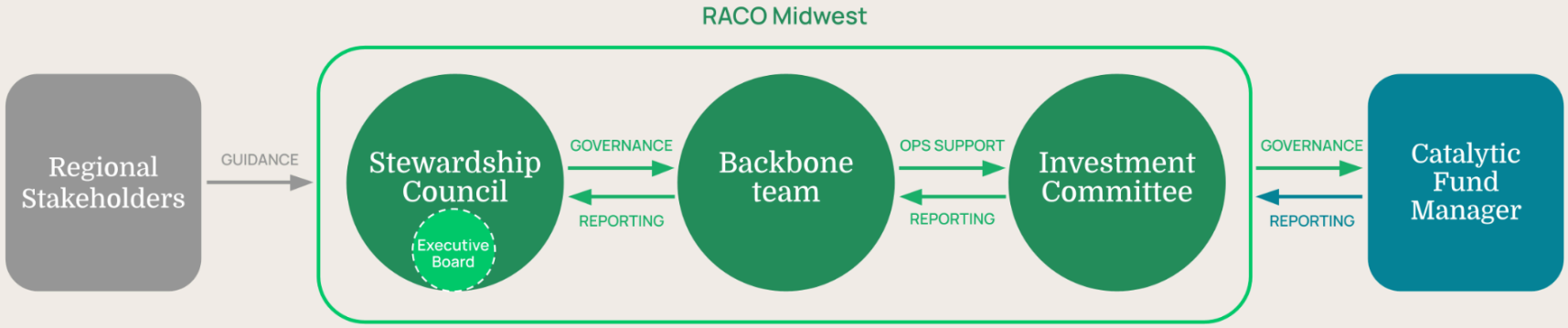
Strategic objectives

Strengthening and expanding the field of regenerative agriculture investment by:

- Building trust and deepening relationships across the capital spectrum
- Educating new investor communities about regenerative agriculture as a key, future-fit asset class
- Enabling larger and more strategic capital allocations by helping identify co-investment opportunities via Communities of Practice
- Building a shared understanding of investor profiles and capital mandates, thereby creating synergies with the Capital Matchmaking and Catalytic Finance functions.

Governance

Governance architecture



- Provides input and guidance for RACO Midwest
- Ensures capital is aligned with needs on the ground
- Adaptive governance where continuous monitoring helps to evaluate outcomes and improve future decision-making

- Provides strategic oversight and guidance
- Ensures mission alignment
- Supports backbone team
- Inputs into horizon scanning
- 'System in a microcosm'

- Day-to-day lean ops team running the organization
- Provides strategic direction to fund management partners
- Runs the horizon scanning and sensemaking program
- Manages deal origination

- Selects opportunities for the matchmaking platform
- Makes capital allocation decisions for investment
- Inputs into horizon scanning
- Supports deal origination

- Provide expertise and track record in managing each financial vehicle's capital
- Supports with deal origination
- Channels capital into investees
- Maintains legal and financial compliance

Purpose

The governance structure of RACO Midwest exists to hold and protect the integrity of the system transformation mission. Its purpose is not to control capital or accumulate assets, but to align and steward diverse forms of capital toward a shared transformational objective. RACO Midwest is therefore designed as a collectively governed organization, structured in a way which sustains trust, prevents mission drift, and enables collective intelligence to guide how resources move through the system.

Guiding principles

- Govern collectively, with multiple independent organizations and stakeholders on the Stewardship Council sharing responsibility and authority over how RACO Midwest is run
- Act as guardians of the mission, ensuring systemic priorities are clearly defined, RACO Midwest is guided to deliver on them through a structured plan, and capital is deployed based on systems analysis and needs
- Encourage collaboration and alignment amongst organizations working in the field
- Ensure meaningful participation of producers and producer groups
- Enable local stakeholders to input on what they value through the Regional Stakeholder townhall meetings
- Ensure diverse representation, by having historically disadvantaged community representatives in the Stewardship Council at all times

Governance architecture

RACO Midwest's governance is structured to ensure accountability, neutrality, and effective coordination across all levels of decision-making. It is intentionally designed as a multi-perspective framework, integrating input from regional stakeholders, system actors, and financial stewards into a coherent decision-making process.

This approach enables RACO Midwest to bridge local intelligence with strategic oversight, ensuring that capital deployment and system interventions remain grounded, inclusive, and aligned with the overall transformation mission.

Each governance body—the Stewardship Council with the embedded Executive Board, the Backbone team, and the Investment Committee—plays a defined role within this integrated structure, balancing strategic direction, operational execution, and accountability.

Core governance bodies

1. Stewardship Council

Purpose

The Stewardship Council acts as the ethical and strategic compass of the orchestrator. It is not a Board of Directors in the traditional sense but ensures that all actions, financial decisions, and operational priorities remain aligned with the impact mission. To maintain agility between formal Council meetings, a smaller subset of the Stewardship Council—the Executive Board—operates as the decision-making arm of the Council. Acting within clearly defined parameters, the Executive Board enables timely and coherent decision-making on urgent or cross-cutting matters, ensuring continuity and responsiveness without diminishing the Council's collective authority.

Composition

- Members of the Design Council who have expressed a wish to stay involved
- Additional regional stakeholders
- Relevant subject matter experts (e.g., with experience in system change, regenerative agriculture, finance, and so on)

Functions

- Provide strategic oversight on mission alignment
- Approve key policies, strategic decisions, and pivots (by way of the Executive Board)
- Oversee ethical standards and conflict-of-interest compliance
- Participate in strategic reviews to ensure RACO Midwest remains fit for purpose
- Provide ongoing guidance and support to the Backbone team
- Support the formation of collaborative partnerships as part of the four functions
- Support with fundraising efforts

2. Backbone team

Purpose

The Backbone team serves as the operational hub of RACO Midwest. It manages day-to-day activities and ensures that strategic objectives are translated into effective implementation across programs and governance bodies. While the Stewardship Council provides mission and ethical direction, the Backbone team ensures operational continuity, program execution, and strategic alignment between system partners, fund managers, and governance structures.

Composition

- A multidisciplinary operations team, composed of specialists in program management, regenerative agriculture, capital structuring, data and impact measurement, communications, and community development.
- Liaisons for the Stewardship Council, Investment Committee, and regional partners.

Functions

- Operate as the day-to-day management and delivery team of RACO Midwest.
- Run the Systemic Intelligence Platform, Matchmaking Program, and field-building initiatives, while ensuring coherence and learning across them.
- Provide strategic direction and coordination to fund management partner(s) of the Catalytic Fund, ensuring that investment activities remain aligned with mission objectives and system priorities.
- Lead deal origination and early-stage pipeline development, in collaboration with regional and system partners.
- Manage documentation, communication, and follow-up across governance bodies.
- Consolidate intelligence from regional partners into actionable insights and decision materials for the Investment Committee and Stewardship Council.
- Support continuous learning, evaluation, and adaptation across RACO Midwest's activities.

3. Impact & Investment Committee (IIC)

Purpose

The IIC evaluates and approves investment opportunities identified through the SIP. Its primary role is to ensure that each opportunity aligns with the theory of transformation and the parameters defined in the Impact and Investment Policy Statement (IIPS)—including systemic impact potential, financial soundness, and risk profile. Approved opportunities are then listed on the Matchmaking Platform, where aligned investors can self-select participation based on their objectives and criteria. The IIC also provides strategic direction to the Catalytic Fund Manager, guiding the design of new financial vehicles and ensuring alignment with system-transformation goals, without assuming fiduciary responsibility.

Composition

- Recognized expertise in finance, impact investing, regenerative systems, or sectoral transformation.
- Members who act in a personal stewardship capacity, independent of institutional or financial interests.
- Representatives from the Stewardship Council and Backbone team.

Functions

- Contribute to horizon scanning, identifying emerging trends, thematic opportunities, and potential systemic shifts to inform strategic planning and investment activities.
- Support deal origination in collaboration with the Backbone Team and regional partners, providing guidance on investment readiness and structuring.
- Vet investment and partnership opportunities emerging through the SIP as part of the Matchmaking Program, assessing both financial viability and transformational contribution.
- Provide strategic recommendations for investments to the Catalytic Fund Manager.
- Report regularly to the Stewardship Council on portfolio integrity, performance, and lessons learned.

Key partners to core governance bodies

4. Catalytic Fund manager

Purpose

The Catalytic Fund Manager serves as the execution partner of RACO Midwest's investment function, responsible for structuring, deploying, and managing the Catalytic Fund. It operates independently but under strategic guidance from the Investment Committee and in close coordination with the Backbone team. While the Investment Committee oversees the overall Catalytic Finance and Matchmaking Program, the fund manager independently manages the Catalytic Fund (and any other investment vehicle that RACO Midwest chooses to incubate). It holds full legal and fiduciary responsibility for these vehicles, ensuring that RACO Midwest itself is not exposed to financial or regulatory liabilities, while maintaining full alignment with its mission and governance principles.

Composition

- A designated fund-management entity or consortium with recognized expertise and a proven track record in managing blended-finance vehicles and impact-oriented capital.
- Professional staff with capabilities in fund structuring, legal and financial compliance, portfolio management, and impact measurement.

Functions

- Provide expertise and track record in managing each financial vehicle's capital, ensuring professional execution and fiduciary stewardship.
- Support deal origination alongside the backbone team and regional partners, contributing structuring expertise and market insight.
- Execute investment and funding decisions approved by the Investment Committee, from due diligence through to disbursement and portfolio management.

- Channel capital into investees based on intelligence generated through the SIP and in accordance with the Impact and Investment Policy Statement, ensuring disciplined alignment with mission and systemic priorities.
- Maintain legal and financial compliance, holding fiduciary and regulatory responsibility for all vehicles under management.
- Monitor and report on financial and impact performance, producing standardized data and insights for oversight by the Investment Committee and Stewardship Council.
- Contribute to the evolution and development of RACO Midwest, sharing lessons learned, market intelligence, and feedback on investment performance.

5. Regional stakeholders

Purpose

Regional partners constitute the 'field interface' for RACO Midwest. They ensure that decisions, programs, and capital flows remain directly connected to realities on the ground. They are activated through regular 'town hall' meetings. Through their participation, the orchestrator maintains a continuous feedback loop between local needs, systemic priorities, and investment strategies, ensuring that the transformation mission is rooted in practical, lived experience.

Composition

- Farmers, farmer representatives, and agricultural cooperatives, who anchor legitimacy and ensure that capital decisions reflect real production, livelihood, and environmental conditions.
- Historically underrepresented farming communities, e.g. female and BIPOC farmers
- Practitioners, entrepreneurs, and field-level actors engaged in regenerative and system-change initiatives.

Functions

- Provide input and guidance, contributing local knowledge, sectoral insight, and field-based feedback that shape strategic priorities and operational choices.
- Ensure capital is aligned with needs on the ground, helping RACO Midwest validate that its investments and interventions are responding to real constraints and opportunities within regional agricultural systems.
- Identify opportunities, innovations, and challenges at the regional and sectoral level, informing the Matchmaking program and the broader investment pipeline.

From design to implementation

Structuring pathway

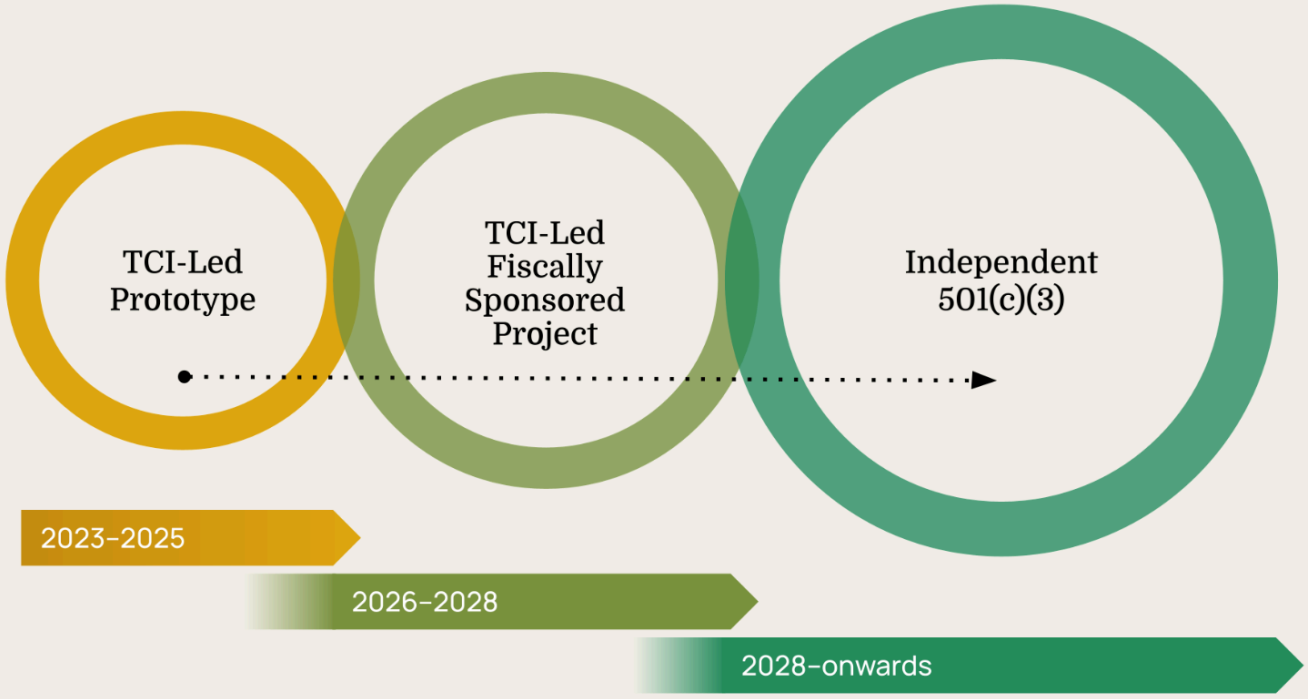
Introduction

Designing RACO Midwest requires moving from conceptual intent to institutional form, translating purpose and governance into an operational structure capable of holding complexity, mobilizing capital, and adapting over time. Structure, in this context, is a strategic choice: it determines how RACO Midwest expresses its mandate, interacts with partners, and sustains coherence across phases of development.

We considered a number of possible structuring pathways for RACO Midwest. Each brought a different balance of agility and stability, of shared stewardship and centralized coordination. Our analysis considered their respective advantages and limitations, and how each option may influence governance, cost efficiency, investor confidence, and long-term resilience.

We have collectively opted for the structuring pathway where RACO Midwest is initially set up as a fiscally sponsored project in order to be able to start work quickly, as well as to have the right balance of strategic control vs. flexibility and agility. However, we envision that—provided RACO Midwest meets its strategic milestones—there is enough complexity within this model that it might over time outgrow this structure and would then be set up as an independent 501c(3). We believe this pathway best aligns institutional form with function as RACO Midwest matures and its role within the wider system evolves.

Proposed structural development



Phase 1: RACO Midwest as a fiscally sponsored project

Because we are proposing that RACO Midwest will continue to be a TransCap-led initiative in the short-to medium-term, we suggest that it be hosted by a U.S.-based fiscal sponsor. The fiscal sponsor will provide administrative infrastructure, compliance systems, and operational capacity, but RACO Midwest will remain a distinct initiative within that entity. This is a pragmatic interim solution—it minimizes setup time and allows the core team to focus on program development, stakeholder engagement, and early fundraising.

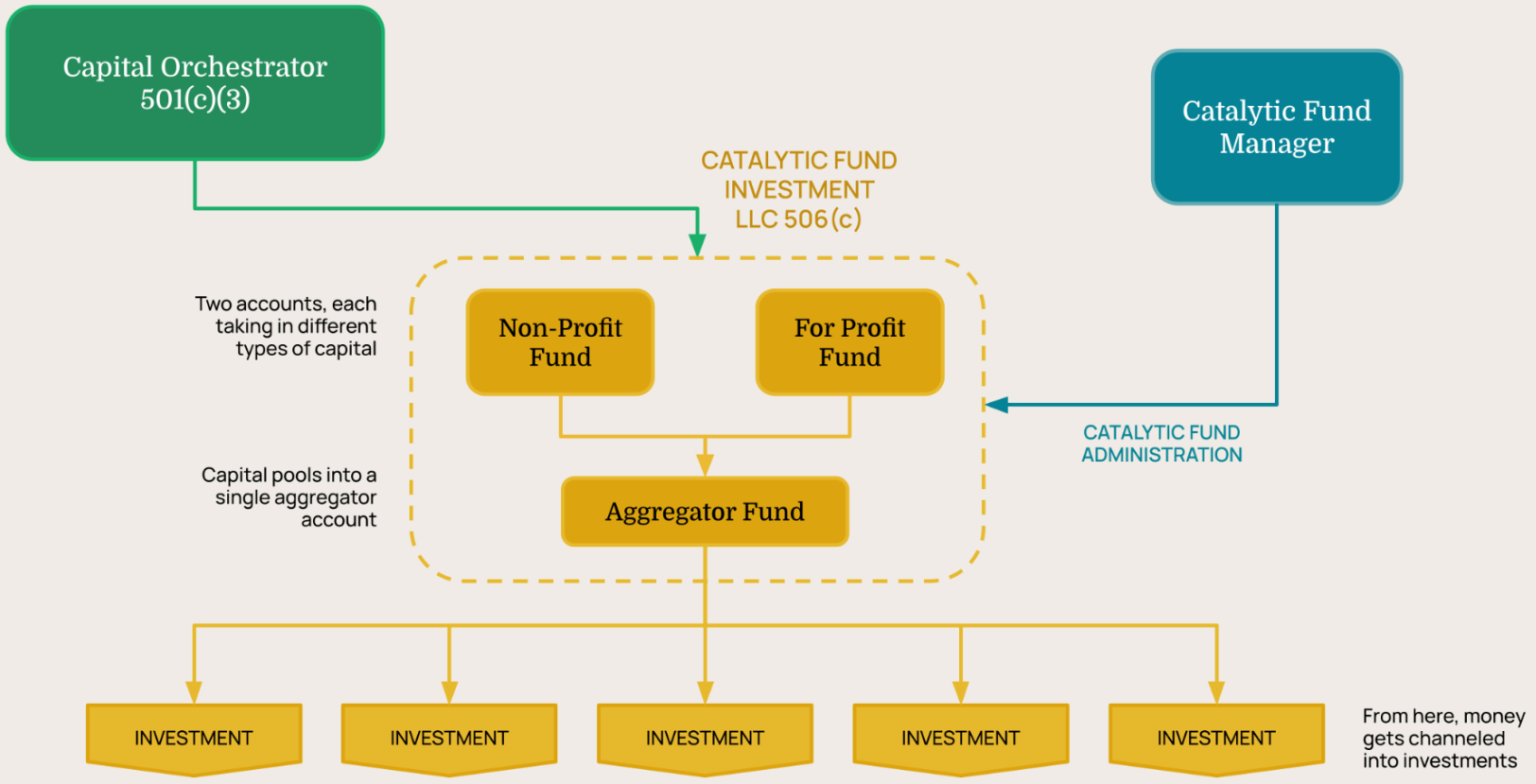
In this setup, RACO Midwest will already be run with its three core governance bodies: the **Stewardship Council** in terms of strategic oversight and guidance, the **Backbone team** in terms of day to day operations, and the **Investment Committee** when it comes to making decisions about capital deployment. However, under fiscal sponsorship rules, the sponsor's board has final fiduciary and legal authority, including approving contracts, controlling funds, maintaining HR and compliance and ensuring activities remain charitable under its 501c(3) mandate.

Zooming in on the structure of the Catalytic Fund

RACO Midwest will be a non-profit entity, so the Catalytic Fund will need to be administered in partnership with a regulated entity (a fund manager partner). The Catalytic Fund will therefore be set up as a separate legal entity (with the exact legal form to be determined), which will be wholly owned by RACO Midwest but administered by the fund manager.

RACO Midwest will set the terms and investment policy statement of the fund and retain control of strategic decision making. The fund manager will execute on the deals, be in charge of compliance, and perform other administrative duties. Within the fund, there will be two different 'capital sleeves', one receiving non-profit capital and the other for-profit capital. This is to ensure that different types of capital coming into the fund are treated differently for tax purposes. All the capital will then be pooled into an 'aggregator account', from where it will flow into individual investments.

Evolution of the structure



Phase 2: RACO Midwest as an independent 501(c)(3) organization

The limitation of fiscal sponsorship is dependency. RACO Midwest's financial and legal authority resides with the sponsor, which may limit flexibility in managing funds, hiring staff, or entering into partnerships. It can also be difficult to attract large institutional investors or long-term commitments without independent status. This is why, over time, we anticipate establishing RACO Midwest as a fully independent nonprofit entity with its own board, staff, and operational systems. It would directly fundraise for core operations, hold its own accounts, and formalize the design of governance structures aligned with its mission and multi-stakeholder principles.

However, creating a new entity carries significant costs and complexity. It requires early-stage capitalization, administrative setup, and the establishment of internal policies for finance, compliance, and governance. While it offers durability and integrity over time, it is not always the most efficient structure for rapid launch. This model is most appropriate once RACO Midwest has proven value, secured early partners, and can justify a dedicated institutional form.

Building the future of purpose-driven finance

At the time of writing (January 2026), the TCI is sharing this work widely to bring in further funding and partners to implement RACO Midwest. We want to demonstrate that this innovative approach to capital orchestration can deliver on our goal. That is, to catalyze deep and structural change in the Midwest's agricultural system, transitioning 25% of its farmland from intensive petrochemical-based monocropping to regenerative practices in the next 10 years.

Our long-term vision for this work is for it to act as a blueprint for regeneration on a global scale. TCI's intention is to harvest the learning from the setup and implementation of RACO Midwest to explore how the model can be replicated across other geographies and/or scaled to a global level.

Appendix

Design Council partners

Name	Affiliation	Name	Affiliation
Alexander Bashian	The Rockefeller Foundation	Anthony Myint	Zero Foodprint
Sarah Carlson	Practical Farmers of Iowa	Jenny O'Connor	Funders for Regenerative Agriculture
Colin Cureton	University of Minnesota	Julia Paino	Desert Bloom Foods
Sarah Franz	Healing Soils Foundation	Alexandra Payne	Amplify Consulting
Emma Fuller	Fractal Agriculture	Rex Raimond	TIFS
Dayna Gross	Platform for Agriculture and Climate Transformation	Michael Roberts	McKnight Foundation
Kyle Kasten	PepsiCo	Anne Schwagerl	Minnesota Farmers Union
Gabriela Leslie	CREO Syndicate	Morgan Synder	Walton Family Foundation
Lauren Manning	Food System 6	Jacie Thomsen	Environmental Initiative
Katherine Miller	Table 81	Mark Watson	Potlikker Capital
Maggie Monast	Environmental Defense Fund	Aaron Zell	Zell Family Office