



Living Amazon Mechanism

Review PIF and Make a recommendation

Basic project information

GEF ID

11327

Countries

Brazil

Project Name

Living Amazon Mechanism

Agencies

Funbio

Date received by PM

10/6/2023

Review completed by PM

11/13/2023

Program Manager

Avril Benchimol Dominguez

Focal Area

Biodiversity

Project Type

FSP

GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

Secretariat's Comments

A) The region should be LAC.

B) Yes.

11/16 Additional comments GEFSEC

A) Unresolved - The region in table in the table continues to be Brazil. It should be LAC

11/16 Additional comments GEFSEC

A) Unresolved - The region in table in the table continues to be Brazil. It should be [LAC](#)

Project Title	
Living Amazon Mechanism	
Region	GEF Project ID
Brazil	11327
Country(ies)	Type of Project
Brazil	FSP
GEF Agency(ies):	GEF Agency ID

11/16 Additional comments GEFSEC

A) Unresolved - The region in table in the table continues to be Brazil. It should be [LAC](#)

Project Title	
Living Amazon Mechanism	
Region	GEF Project ID
Brazil	11327
Country(ies)	Type of Project
Brazil	FSP
GEF Agency(ies):	GEF Agency ID

A) The current classification is not correct now wither. PPO to review or to be addressed. The GEF Non grant portion need to be separated from the grant. So US\$ 6M Non Grant and US\$ 0.2 M Grant- please calculate fees accordingly

The co-financing table for enabling Facility mentions 4.3M when in Termsheet it state a different amout.

Project Title Living Amazon Mechanism	
Region Regional	GEF Project ID 11327
Country(ies) Regional Brazil Latin America and Caribbean	Type of Project FSP

Type of Trust Fund GET	Project Duration (Months) 96
GEF Project Grant: (a) 0.00	GEF Project Non-Grant: (b) 6,200,000.00
Agency Fee(s) Grant: (c) 0.00	Agency Fee(s) Non-Grant (d) 558,000.00
Total GEF Financing: (a+b+c+d) 6,758,000.00	Total Co-financing 46,600,000.00

Enabling Conditions Facility

Component Type Technical Assistance	Trust Fund GET
GEF Project Financing (\$)	Co-financing (\$) 4,300,000.00

Outcome:

Communities and cooperatives understand how credit works and their capacity to take it
Increase cooperatives technical capacity

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30/11 GEF Sec : thanks, cleared.

Agency's Comments

We have 3 options in the system: GLOBAL; REGIONAL; COUNTRY. Since our project is only in Brazil, I choose country, but then I can only choose one option, So, either Brazil or Latin America.

If I choose the project as REGIONAL (which is not) then I can have 2 options selected. I tried several times, its always like this. Please advise how to solve this, this seems to be a bug.

We separated the grant part in all tables. It's showing right in the review now.

ECF only has co-finance, the number is right.

2. Project Summary

Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?

Secretariat's Comments

1- Project description should describe the "virtuous circle" that this project entails: the use of a financial instrument (CRA) to provide upfront finance to the supply chain producers of Natura through local cooperatives. Mention the innovative use of CRAs which have never been used before for conservation purposes. Briefly spell out what CPRs and CRAs are here and that they are securities listed in the local capital markets, through securitization and what the role of Funbio as IA and VERT as EA would be. Please consider including that this project tests an innovative financial mechanism for nature positive supply chain financing that involves the anchor company and funding from Capital Markets.

2- The model leverages on years of relationship/trust built between Natura, local communities and their credit cooperatives. Section on page 11 could help "this NGI project aims at taking advantage of the strong and trusting relationship that Natura has built with local communities [?] and 2) VERT experience [?]".

3- Provide a brief description of how bioeconomy or sociobiodiversity products generate GEBs measurable by our core indicators. That link is missing.

4- Please explain that the Project involves a grant facility (ECF) and financial investment specifying that GEF financing will only go to support the financial instrument only. Please mention that the project has two phases, and that each will be explained in Section B. Project description.

5- Please substitute "advance finance" by "upfront finance" throughout the document.

11/16 Additional comments GEFSEC

1-Cleared

2-Cleared

3-In project summary, the linkage is still missing. Please provide

4-In project summary, this isn't still clear. Please provide

5- Still there are "advance finance" in the PIF (p. 22) and other pages. Please substitute by upfront in all the document.

11/29 GEF SEC

CLEARED

Agency's Comments

3- We included the linkage of bioeconomy and GEBs in the first paragraph. This was also mentioned in the first paragraph, which we didn't change.

4- We included a clearer description of the grant facility and the financial investment, specifying that GEF financing will only go to support the financial instrument in paragraph 3. We included the 2 phases of the project at the end of paragraph 3 as well.

5- All 'advance finance' was substituted by upfront finance in all parts of the document.

3 Indicative Project Overview

3.1 a) Is the project objective presented as a concise statement and clear?

b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?

Secretariat's Comments

1- Project Objective repeats the project Summary. Project objective should be related to GEB generation through the innovative use of CRAs and the model that builds between Natura, its supply chain producers, credit cooperatives and the use of CRAs.

2- The components, outcomes and outputs should be designed to address the barriers identified in the Project Rationale section. Please clearly identify barriers and then how the components of this project are designed to address those barriers.

3- Please include GEF Core Indicators in the output indicators.

4- Please include output and outcome for the M&E components.

[11/16 Additional comments GEFSEC](#)

1- The project objective still repeats project summary. The purpose of the summary is to provide a short, coherent summary for readers. We suggest using a summary of the wording later in section B. We suggest using the following (please review and edit as you see fit)

"The Amazon provides crucial ecosystem services to humanity but is threatened by deforestation and forest degradation due to human activities. Finding alternative local economic activities through Non-Timber Forest Products and bioeconomy is, therefore, key. The overarching goal of the project is to protect the Amazon rainforest by strengthening Amazon socio-biodiversity organizations, businesses, and supply chains, promoting a development model in the Brazilian Protected Areas System in the Amazon that empowers conservation stewards by combining conservation with income generation.

The Living Amazon Mechanism (Amaz?nia Viva in Portuguese) is a blended finance mechanism composed of two different components ? (1) Upfront finance for sustainable products through the use of securitization of credit cooperatives bioeconomy portfolio and (2) Enabling Conditions Facility (ECF) ?aligned under the same governance process. The combined action of these two components offers synergies that make it possible to create a virtuous circle of capacity-building, advance financing, and structural investment that strengthens sustainable value chains.

The project was designed in partnership with three institutions: Natura, a major cosmetic company with two decades of experience in working with cooperatives in the Amazon; VERT, a financial market company specializing in agricultural finance and securitizations; and Funbio, which has decades of experience in the Amazon with protected areas, their financing and sustainable production. In the arrangement, Natura operates as an off-taker and investor but ensures the viability of its business model by sharing investments and risks."

2- **Project Components are missing from the table Components should be the same as in TOC:**

Component 1 ? Upfront Finance for Sustainable Products

Component 2 ? Enabling Conditions Facility (ECF)

3-core indicators should be in the output indicators, not outcome indicators.

4-M&E outputs should be justified to be GEF-specific (1 MTR, 1 TE, xx PIRs..) as the project is requesting M&E budget from the GEF NGI resources, which is exceptional.

Additional comment

11/29 GEF SEC

NOT CLEARED: the total Project Cost should include GEF + co-financing. In the termsheet: total financing is US\$ 52 M ? in this table 46.6M. Please review and address.

Component Balances

Project Components	GEF Project Financing (\$)	Co-financing (\$)
Upfront Finance	6,000,000.00	42,100,000.00
Enabling Conditions Facility		4,300,000.00
M&E	200,000.00	200,000.00

11/28/2023

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Subtotal	6,200,000.00	46,600,000.00
Project Management Cost		
Total Project Cost (\$)	6,200,000.00	46,600,000.00

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11/28/2023

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30/11 GEF Sec : thanks, cleared.

Agency's Comments

- 1- Thank you for the suggestion. We updated the Project summary editing to cover the comments made earlier. We also completely updated the project objective
- 2- Components in the logical framework are updated and the same as in the ToC.
- 3- Core indicators are now on the outputs
- 4- M&E outputs were updated

Additional comment 30/11

This table shows the Total project cost in two columns the GEF Finance and the Co-Finance. This table is right.

CO-finance is 46.6M

GEF 6.2M

Total 52.8M

The system validates these tables, we are not able to submit if they don't match.

3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?

Secretariat's Comments

Gender dimension needs to be further strengthened

11/16 Additional comments GEFSEC

PPO Gender - Please ensure that gender dimensions are incorporated in the project components' outcomes and outputs, including those relating to access to finance, technical assistance, knowledge dissemination, monitoring and evaluation, lessons learned. Please reflect the gender dimensions in the specific section of the PIF (Program Overview, project description). Please ensure also that the Gender Action Plan to be developed must be properly funded and reported on.

PPO Knowledge Management. An overall approach to Knowledge Management and Learning has been provided in the Project Description. Proposal includes KM&L and capacity development deliverables that enable generation and access to knowledge and information through an Enabling Conditions Facility, including workshops and publications. While there is reference to dissemination, it is not clear how this will be undertaken and there is no reference to an overall Communication Strategy/Plan. Thus, the agency is requested to provide a brief description of the project's Communications Strategy/Plan for outreach, awareness raising and dissemination of outputs/results, including the use of on-line tools, the media, etc. This should also be reflected in the project's proposed budget and timeline.

11/29 GEF SEC

Additional comments PPO to clear

Agency's Comments

Text was adjusted but detailed gender dimension and how to improve on gender balance will get further strengthened during the PPG with specific gender consultants

Response to PPO GENDER comments: we included in the section "Activities under the Enabling Conditions Component to face the barriers:" in the description of component 2

of the project in the PIF section B. PROJECT DESCRIPTION a clearer description of what will be included in the Project Gender Action Plan and also that the plan will include a budget to be financed by this component.

We also incorporated gender dimensions in the project components' outcomes and outputs.

Response to PPO Knowledge Management comments: during the PPG phase, a communication strategy will be developed to reach the different audiences for the knowledge this project will produce. Funbio already has some experience with some of the potential tools and interested parties to receive these results. We included a clearer description of how this will be achieved in the fourth paragraph of the description of component 2 in the PIF section B. PROJECT DESCRIPTION.

3.3 a) Are the components adequately funded?

b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?

c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments This project should request PMC. But needs to be justified

1- For the overall logic structure of the key barriers and project justification, please describe the barriers clearly and separately. It would help having subsections with untitled Barrier1/Barrier 2 etc. The barriers should be explained so that the components of this project respond to the barriers identified (see further comments on the Barriers in the TOC section).

The link between Extractive Reserves (RESEX) and GEBs in this project is missing: why are these territories relevant here? It is important to explain in more detail the model of the Sustainable Use PAs (RDS and RESEX) in Brazil, their role in biodiversity conservation in the Amazon region, the social aspects, the governance structure, the institutional framework that enabled these types of PA (Concession agreements, role of community associations) and how they are related to the Amazonian bioeconomy.

2- Please define what terms sociobiodiversity and bioeconomy stand for and why those are relevant to the generation of GEBs. These terms are used throughout the document interchangeably- but do they mean the same? We recommend sticking to 1.

3- There are three terms used ?grassroots organizations? ?local communities? ?producers in the supply chain of Natura? who would ultimately benefit from this structure. Are they all the same? If so, please use 1 term throughout the doc to be clear on who the beneficiaries are.

4- Access to finance (and not to credit) needs to be better explained. The section mentions 'various reasons' but explaining those is key for the design of the components of this project.

Please, elaborate better on the enabling conditions for this investment. What are the conditions that were not in place before? How the cooperatives become ready to obtain financing?

11/16 Additional comments GEFSEC

1- Somewhat addressed. The project description/objective should include a reference to the RDS and RESEXs if these are exclusively targeted. If not clarify.

2- Addressed

3- Addressed

4- Addressed

Additional comment

The ECF section should be made clear that is financed by co-financiers and not the GEF. We suggest deleting the table Programs/Themes/Activities. However there needs to be a link between how BIO ECONOMY generates GEBs. That link is still missing.

In the Governance section since GRAS will have such a central role in the governance, we would need additional information on overall coordination-governance between GRAS/VERT/FUNBIO. For GEF investment matters: how does this SC work?

11/29 GEF SEC

CLEARED

Agency's Comments

1 ? We include references for the types of protected areas that the project will support in the objective of the project.

Additional comment: we made clear in the first paragraph detailing the ECF that GEF funds will not be used in the component. The table with Programs/Themes/Activities was deleted. The link between bioeconomy and the protection of forests is well known. To decrease deforestation where ILPCs live, it's necessary to provide them with economic alternatives to stand against unsustainable development. This link is mentioned several times in the GEF 8 programming directions (the last sentence of para 101; para 103; para 106; para 109 mention 'Support conservation-friendly livelihoods at the local level and improve the sustainability of the 'productive' sectors to ensure that they are compatible with the conservation of critical forest biomes, including primary forests' as a key intervention for the Amazon and Congo regions in GEF 8. And many other paragraphs). The project approach is also completely aligned with the Health Planet, Healthy People approach.

We included more information about the governance bodies of the project. More details will be further explored during the PPG phase.

4 Project Outline

A. Project Rationale

4.1 SITUATION ANALYSIS

a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?

b) Are the key barriers and enablers identified?

Secretariat's Comments

1- For the overall logic structure of the key barriers and project justification, please describe the barriers clearly and separately. It would help having subsections with untitled Barrier1/Barrier 2 etc. The barriers should be explained so that the components of this project respond to the barriers identified (see further comments on the Barriers in the TOC section).

2- The link between Extractive Reserves (RESEX) and GEBs in this project is missing: why are these territories relevant here? It is important to explain in more detail the model of the Sustainable Use PAs (RDS and RESEX) in Brazil, their role in biodiversity conservation in the Amazon region, the social aspects, the governance structure, the institutional framework that enabled these types of PA (Concession agreements, role of community associations) and how they are related to the Amazonian bioeconomy.

3- Please define what terms sociobiodiversity and bioeconomy stand for and why those are relevant to the generation of GEBs. These terms are used throughout the document interchangeably- but do they mean the same? We recommend sticking to 1.

4- There are three terms used ?grassroots organizations? ?local communities? ?producers in the supply chain of Natura? who would ultimately benefit from this structure. Are they all the same? If so, please use 1 term throughout the doc to be clear on who the beneficiaries are.

5- Access to finance (and not to credit) needs to be better explained. The section mentions ?various reasons? but explaining those is key for the design of the components of this project.

6-Please, elaborate better on the enabling conditions for this investment.

What are the conditions that were not in place before? How the cooperatives become ready to obtain financing

- 1- Cleared
- 2- Cleared
- 3- Cleared
- 4- Not cleared please provide
- 5- Not cleared please provide
- 6- Not cleared please provide

11/29 GEF SEC
CLEARED

Agency's Comments

4- The text was revised to only use local communities in the document

5 ? The text on barrier 4 was updated. Various reasons were exemplified in the text as to: lack of proper documentation, lack of capacity to use online systems, lack of support for the specific needs of extractivism, lack of capacity to understand the meaning of requirements as they use very bureaucratic jargon and ingrained disbelief on the willingness of the government to give support after a long history of being marginalized.

6 ? The text in barrier 4 (here, we used ?various reasons?) was expanded to explain these. Later on in the Project Description, we include a better explanation of how the ECF will deal with those issues. ECF will diagnose the cooperatives and develop training for them to use systems, support the cooperatives with accountants and/or administrators to organize their documentation and train them to keep them properly updated. Training on how to use online systems and understand the jargon used, for example, in the programs of food purchases. Training in better management skills and better production practices. Explain in culturally adequate terms how the financial mechanism works and what their rights and duties are. This support will make the operation of receiving the upfront finance less difficult for the communities to understand and, therefore, lessen the fear they have. This will also show them they are not being marginalized. This text was included in the second paragraph when explaining the ECF component (in Project Description)

4.2 JUSTIFICATION FOR PROJECT

a) Is there an indication of why the project approach has been selected over other potential options?

b) Does it ensure resilience to future changes in the drivers?

c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?

d) are the relevant stakeholders and their roles adequately described?

Secretariat's Comments

Why is this innovative financial mechanism needed for nature positive financing through an anchor company supply chain? Why aren't credit cooperatives offering financing for this?

In relation to the stakeholders, one important element for the proposed financing mechanism is the uptake by the local cooperatives. Many government-led programs have failed in this aspect. How is this project different? What are the existing enabling conditions and/or the ones that need to be created to ensure this uptake?

Again, barriers should clearly be framed so that the design of this project helps address them. Project components/outputs and activities should be designed to address the barriers

Please provide simple bullets of Terms of Reference or key responsibilities of each governing body in the proposal as well as how the investment decision would take place.

Which activities will be funded under the TA facility ECF? Do these activities help address key barriers? This link is missing because barriers were hard to identify

[11/16 Additional comments GEFSEC](#)

Comments Cleared comments except:

- In relation to the stakeholders, one important element for the proposed financing mechanism is the uptake by the local cooperatives. Many government-led programs have failed in this aspect. How is this project different? What are the existing enabling conditions and/or the ones that need to be created to ensure this uptake? The Agency answer mentions "for various reasons". How is this project different? What are the existing enabling conditions and/or the ones that need to be created to ensure this uptake? This would need to be better articulated now.

- Please provide simple bullets of Terms of Reference or key responsibilities of each governing body in the proposal as well as how the investment decision would take place
Governance structure: Please provide simple bullets of Terms of Reference or key responsibilities of each governing body in the proposal as well as how the investment decision would take place. Not sure how the Steering Committee will coordinate between ECF and Investment, and what the coordination would be. Since VERT is the EA, how do we ensure GEF policies are met in this governance structure

[11/29 GEF SEC
CLEARED](#)

Agency's Comments

- Uptake from the stakeholders is different in the project from government initiatives because these initiatives focus much more on usual, unsustainable practices and give support to, for example, cattle ranching; this marginalizes sustainable production

cooperatives and the local communities that organize their work with them. For the government, this may make sense as there are many more people involved in the usual practices than the sustainable ones, so, from a government perspective, they are impacting more people. It is true that engaging local communities is not a straightforward activity; that's why the project will start to work with cooperatives that have a long relationship with Natura. Funbio also has long relationships with many local communities in the region, but usually to guarantee participation in PA councils, on new PA creation processes, and in protecting and monitoring these areas. So, both Funbio and Natura have more know-how to engage these communities than governments. We include a paragraph (second paragraph of the Project Description section) explaining the difference between this project and government initiatives.

- We included bullets in the governance bodies, but more details will be explored during the PPG phase.

5 B. Project Description

5.1 THEORY OF CHANGE

a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?

b) Are the key outputs of each component defined (where possible)?

Secretariat's Comments

Problems/barriers are repetitive and confusing. For example, the barriers: low institutional development of organizations and low capacity of cooperatives do not seem to be different and should be one single barrier (ii) the two financial barriers (difficult access to funding and insufficient funding for sustainable value chains) should also be one barrier; the barrier on low technological level of aggregation of value chains is somewhat new and not explained in the background section-nor how this project will help address it.

I could not identify one barrier that explained why Credit Cooperatives would prefer this financing scheme rather than provide loans themselves to Natura Supply Chain producers. Please explain since the justification of this financial mechanism relies on that aspect.

I would add potentially add a third barrier that explains the need of long-term solutions for conservation which requires long relationships that can deliver conservation outcomes: this is why Natura helps solve that barrier and that is also why they are an offtaker.

We suggest dividing the Components section explaining how each one helps address barriers identified in previous section For example: the lack of capacity can be addressed by the NATURA/COOPERATIVE /FUNBIO/VERT work as well as the ECF grant facility.

Theory of Change should be presented with components that respond to the barriers (please erase the problem section). Also, TOC requires to include GEBs as outcome. How relevant are the areas proposed to Global Biodiversity? Are they KBAs?

[11/16 Additional comments GEFSEC](#)

[Cleared. New text addresses GEF Sec previous comments](#)

Agency's Comments

Text and ToC was adjusted

5.2 INCREMENTAL/ADDITIONAL COST REASONING

Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat's Comments

How will GEF investment provide additional/incremental global environmental benefits above and beyond the ESG standards that is required from the current legislation?

[11/16 Additional comments GEFSEC](#)

[Cleared.](#)

Agency's Comments

The GEF resources will provide additional global environmental benefits as they will support this novel approach (CRAs) to empower communities in protected areas where sustainable production of NTFPs have a great untapped potential. This strategy goes beyond ESG standards that exists but are unable to scale-up, share knowledge and are usually not-sustainable in the long run. This project focus on bridge the gap between local cooperatives, companies and the capital market which goes well beyond individual companies can achieve.

We include this text on the project description

5.3 IMPLEMENTATION FRAMEWORK

a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?

b) Comments to proposed agency execution support (if agency expects to request exception).

c) is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area

d) are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?

Secretariat's Comments

The implementation framework described in Figure 2 I.e. Operationalization of the mechanism and the Governance of the project in Figure 3 do not seem to link. How do these two arrangements are connected during execution? We also want to know what party is responsible for what.

Who would be the members for territorial council/executive committee/investors council etc.? Will FUNBIO on behalf of the GEF be sitting at the investor's council for an investment decision? What would be Natura's role under this governing structure?

Natura/cooperatives/Funbio/vert needs to be further developed. Please explain how FUNBIO would ensure that VERT (as Executing Entity) will comply with GEF policies.

11/29 GEF SEC

CLEARED

11/16 GEFSec Additional Comments

These questions were not addressed. Please address in the PIF.

How does the governance of the SC affect the Investment vehicle? Perhaps a graph with bullets would help. In the NGI section, the figure LIVING AMAZON Mechanism structure does not mention the Steering Committee anywhere. Please include so that we see how this will work in the overall bigger picture of ECF+ investment mechanism.

Agency's Comments

Text was adjusted

Funbio will oversee the work of VERT the same way it supervises any executing partner in other projects and will be on the ground with the ECF. The steering committee will ensure GEF policies will be contemplated.

We updated the figure, included bullets into the governance part of the project description. During PPG we will detail governance aspects of the project.

5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?

b) Are the project's indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?

Secretariat's Comments

a) Will all project activities be located in the protected areas? Otherwise, please include other core indicators for landscape under improved practices excluding protected areas (Core Indicator 4) and restored lands (Core Indicator 3). Please also note that the GEBs should be incremental to the legislative safeguards.

B) Please provide rationale (though it is hard to provide in PIF stage without knowing the partners, e.g. expecting xx ha for xx farmers on xx activities ? therefore, xxx ha) for global environmental benefits in a conservative side.

Are there any restoration activities such as agroforestry, proposed as part of the ?forest friendly value chains?? If so, please, provide estimated under the Core Indicator 4.

11/16 GEF Sec Additional Comments

A) Indicators cleared

How do we make sure that only BIO ECONOMY activities are financed? Rationale on how the Credit Cooperative portfolio being securitize will be exclusively to fund the intended recipients in bio economy.

IF this is because we will only select the recipients that do bio economy in Natura supply chain and in the protected areas, this needs to be clear. You state in the termsheet that: There is a clause that sets the Use of Proceeds of the CRA. VERT has a fiduciary duty and is liable to follow this in the Termo de Securitiza??o Please clearly state that only BIOECONOMY in these areas weill be eligible Please state this in this section and others (right now only found at termsheet)

11/29 GEF SEC

CLEARED

Agency's Comments

Yes, all project activities will happen in protected areas, there may be a different category (APAs) depending on the selection of the 20 cooperatives, that will be defined during the PPG.

Our estimates are already conservative and based on the protected areas sizes in the Amazon.

Only Cooperatives working with sustainable practices are eligible to receive support from the project in both project components. This is an eligibility criterion. We included this information in the first and sixth paragraphs of Component 1 and the third paragraph of Component 2.

5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?

Secretariat's Comments

- 1- Please delete Figure 5 here and include it the earlier Project Description section; include here the pure financial structure described in Figure 2. We suggest using the numbers included in figure 2 to explain step by step how the financing would work.
- 2- Please also complement this section with details in Annex G-4.
- 3- Please describe the execution arrangements that will exist to regulate each step of Figure 2.
- 4- Please explain how we know that the CRAs in this transaction will be used only in the intended activities; I.e. would there be selection criteria for the underlying activities? How and who will check compliance with these selection criteria?

5- What is the full project funding size for two phases? Who are the other investors in each phase? Will GEF investment from the first phase (if returned), be reinvested to the second phase? Why is GEF investment divided to two phases

6- Please include that GEF will be senior tranche to the subordinated tranche in the proposal. In the risk sections, it is mentioned that Natura is first loss (even to GEF) please include that explanation in the financial structure.

7- What is the rationale of GEF participating as a senior tranche providing reimbursable grant over Natura and IFC?

8- What is the role of the cooperatives in managing the credit that is the asset behind the CRAs? What is the role of VERT? Please explain if the ownership of the certificates would be at VERT level: who would do the portfolio management effort (delinquency management and repayment). During the call you explained that if VERT ceased to be managing the securitization vehicle, that would not affect the repayment of the certificates; however, FUNBIO and VERT need to agree on the procedures of substituting VERT.

1 and 2 addressed

3 not addressed, please do address in this section or in other sections (we have asked in many other instances)

4 not addressed in the PIF. Please include the explanation in the PIF

We suggest that the Funding of BIO ECONOMY needs to be an eligibility criterion to receive funding from CRAs. Will VERT review the use of proceeds that ensure that the securitized portfolio only finance bioeconomy that deliver GEBs? Please do specify in this section.

5 Not clear please address in the PIF: the termsheet mentions also 2 phases but this is not explained here. Please explain what will trigger a second phase: how the mechanics will work: you plan to pay back the first badge of securitized assets and then do a second round? Is GEF money to be deployed in 2 steps?

6 Not addressed please address in this section. In the termsheet you mention GEF will be 2nd loss to Natura /Porticus/IFC. If that is the case, please state it here. The graph appears to be that GEF is part of the senior investment tranche (and not second loss

7 Not addressed please address in this section (not only in the review sheet). Is IFC going to de-risk us (they appear to be 1st loss to us in the termsheet). I would suggest that GEF money goes after Natura or pari passu with Natura and before other investors (including IFC). Please explain in this section and be consistent in the termsheet.

8 not addressed. Please explain in this section (not only in the review sheet), under the role of VERT.

Additional comments

9. Please make this part of the description of the NGI structure ins section NGI Justification of Financial Stricture (before the Risks Table) ?The CRAs will be issued as a bankruptcy remote vehicle as per the Brazilian regulation (segregate entity and fiduciary regime ? in Portuguese patrim?nio separado and regime fiduci?rio). In the case VERT ceases to manage and collect the portfolio, an investors? general meeting is scheduled by the fiduciary agent to replace it. The procedures for this substitution will be defined upfront and reflected in the Termo de Securitiza??o.?

11/29 GEF SEC
CLEARED

Agency's Comments

We included a paragraph explaining the steps on the figure

4- only cooperatives working with sustainable production will be eligible for project support (CRA or ECF). This will be clear

7 - GEF will play a strategic role in terms of leveraging Natura and IFC?s capital. It is still a new financing mechanism and creating a track record with GEF will enable the program to further develop in the following years. When this track record is created, we will be able to attract private capital at scale to invest in the senior tranche.

8- The cooperatives will be the borrowers of the loans that are the underlying assets of the CRAs. They do not have a credit manager role. VERT will be responsible to manage and collect the loans according to an agreed credit and collection policy.

The CRAs will be issued as a bankruptcy remote vehicle as per the Brazilian regulation (segregate entity and fiduciary regime ? in Portuguese patrim?nio separado and regime fiduci?rio). In the case VERT ceases to manage and collect the portfolio, an investors? general meeting is scheduled by the fiduciary agent to replace it. The procedures for this substitution will be defined upfront and reflected in the Termo de Securitiza??o.

5.6 RISKS

a) Are climate risks and other main risks relevant to the project described and addressed within the project concept design?

b) Are the key risks that might affect the project preparation and implementation phases identified and adequately rated?

c) Are environmental and social risks, impacts and management measures adequately screened and rated at this stage and consistent with requirements set out in SD/PL/03?

Secretariat's Comments

Most risks were classified as low but the average risk rating for the project was classified as Moderate. Please explain why. Additionally, please see comments below:

- ESS: We need a full ESS before CEO endorsement.
- Political risk: please confirm this risk is low given the maturity of this investment. What if a new government changes laws: are there any potential impact for the project?
- Macro-economic risks section has numbers that do not match. Please separate the currency risk as different from Macroeconomic risk. Considerations on SELIC should be classified under financial risks of the NGI investments and not as Macroeconomic.
- Risk of execution arrangements should be included in this section: this is a complex financial structure that relies on various parties for its success. Description of execution arrangements should be provided in the NGI section as requested above. Please clearly state in the proposal mitigation actions if VERT ceases to manage securitization; if a credit cooperative defaults; if a CRA is given to a producer that uses it for non-relate conservation measures.
- Financial Management and Procurement: we see this risk as Moderate given the various entities involved. Please explain and provide mitigation actions.
- Financial/NGI projects: needs to include interest rate risk as currently explained in Macroeconomic risk; and risk of default of credit cooperatives

11/16 GEFSec Comments

These 2 comments are still not addressed:

- Risk of execution arrangements should be included in this section: this is a complex financial structure that relies on various parties for its success. Description of execution arrangements should be provided in the NGI section as requested above. Please clearly state in the proposal mitigation actions if VERT ceases to manage securitization; if a credit cooperative defaults; if a CRA is given to a producer that uses it for non-relate conservation measures.
- Financial Management and Procurement: we see this risk as Moderate given the various entities involved. Please explain and provide mitigation actions.
- Financial/NGI projects: needs to include interest rate risk as currently explained in Macroeconomic risk; and risk of default of credit cooperatives

If FUNBIO makes the overall risk MODERATE this should be reflected by an average of all sub-risks being rather moderate instead of low. Please review subcategories to make sense of a MODERATE overall risk.

Additional Comments:

In financial risks as a mitigant mention the fact that CRAs are issued through a bankruptcy remote vehicle as per the Brazilian regulation (. In the case VERT ceases to manage and collect the portfolio, an investors' general meeting is scheduled by the fiduciary agent to replace it. The procedures for this substitution will be defined upfront and reflected in the Termo de Securitiza??o.

11/29 GEF SEC
CLEARED

Agency's Comments

Agency's Comments

- Funbio uses the higher risk in any category to classify the whole project, even if the majority of categories have a lower risk. This does not have any effect on risk management as all categories are treated separately.
- We are aware a full ESS assessment is needed before CEO Endorsement, this will be one of the PPG activities.
- Political risk is low, laws can be changed by Congress only and are a lengthy process. Also, CRAs are a well establish instrument in Brazil, there is no expectation on changes on this and even if there is a change in law, they can't work retroactively.
- Financial management and procurement are being done by experienced organisations. VERT is not going to make procurement, Funbio will under de ECF, without GEF resources, but Funbio does procurement in remote areas of the Amazon for the last 20+ years.

We updated the text

Review 2:

Risk of execution arrangements were included in the table risks mentioning all the comments made.

Financial Management and Procurement ? we change for MODERATE and further explained the risk and mitigation

Financial Risks for NGI projects ? default risks are included and interest rate as well.

We reviewed risk subcategories and we understand the Moderate overall risk is adequate.

5.7 Qualitative assessment

- a) Does the project intend to be well integrated, durable, and transformative?
- b) Is there potential for innovation and scaling-up?
- c) Will the project contribute to an improved alignment of national policies (policy coherence)?

Secretariat's Comments

In terms of the potential for scaling up, please elaborate on how the proposed innovative mechanism is articulated with other policies supporting the Amazon bioeconomy at the Federal and State levels.

11/16 GEF Comments

Not addressed in the PIF. Please address there (not only in this review sheet).

11/29 GEF SEC

CLEARED

Agency's Comments

At Federal and State levels there are some secretaries and projects to foster bioeconomy. All lack a financial mechanism to use the capacity and resources of the private sector to finance the bioeconomy, especially upfront finance. Activities under the ECF are more common to be included in programs, but they are usually scattered and not focused in some areas, and never with an offtaker ready. The project intends to show how this can be done, leveraging private capital from the financial market. Public programs can then focus on improving the enabling conditions. We believe this project can fit very well with public projects.

review 2:

We included a sub-section called Scaling up potential in the end of Project description to address this issue.

6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities

6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?

Secretariat's Comments

The proposed project is well aligned with the BD focal area priorities and has a strong potential to become a model for investments in Bioeconomy, not only for the Amazon Region, but for all tropical forests in the planet. The project indicates support to goals A, B, and D of the Global Biodiversity Framework, and multiple targets, with particular relevance to Targets 10, 15, 16, 19 and 20.

11/29 GEF SEC
CLEARED

Agency's Comments

The text wasn't changed because the last paragraph already showed the alignment of the project with GBF. We updated the text anyway to include the Brazilian NDC commitment, as there is no commitment tied to the GBF yet; this situation will change when Brazil updates its NBSAP in the coming years. However, the NDC's commitment to halting Amazon deforestation by 2030 is also well aligned with the GBF. The project is aligned with GBF Target 10 by increasing the areas under sustainable forest management, Target 15 by ensuring that the private sector increases positive impacts on biodiversity, Target 19c by providing blended finance and investing in biodiversity, and Target 19d by promoting an innovative financing scheme, and Target 20, by providing capacity-building. It indirectly contributes to Target 16 by providing sustainable choices to consumers.

6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)

Secretariat's Comments Yes.

Agency's Comments

6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?

Secretariat's Comments

Please include a section for alignment with the GBF and Brazil's commitment.

11/16 Text unchanged from the last version.

Agency's Comments Text updated, the last paragraph has the alignment with the GBF

7 D. Policy Requirements

7.1 Is the Policy Requirements section completed?

Secretariat's Comments

PPO to double check.

11/16 Additional comments

Please provide a brief description of the project's Communications Strategy/Plan for outreach, awareness raising and dissemination of outputs/results, including the use of on-line tools, the media, etc. This should also be reflected in the project's proposed budget and timeline.

PPO gender comments were provided already in previous section.

11/29 GEF SEC

PPO to clear

Agency's Comments

We made the KM more clear in the project.

review 2:

During the PPG phase, a communication strategy will be developed to reach the different audiences for the knowledge this project will produce. Funbio already has some experience with some of the potential tools and interested parties to receive these results. We included a more clear description of how this will be achieved in the fourth paragraph of the description of component 2 in the PIF section B. PROJECT DESCRIPTION.

7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?

Secretariat's Comments Yes, a list of stakeholders consulted has been provided.

Agency's Comments

8 Annexes

Annex A: Financing Tables

8.1 Is the proposed GEF financing (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

STAR allocation?

Secretariat's Comments

NOT CLEARED

Additional comments: split Gant and Non-Grant in the 6th column

N/A

Yes

ANNEX A: FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant(\$)	Agency Fee(\$)	Total GEF Financing (\$)
Funbio	GET	Brazil	Biodiversity	NGI	Non-Grant	6,200,000.00	558,000.00	6,758,000.00
Total GEF Resources (\$)						6,200,000.00	558,000.00	6,758,000.00

Project Preparation Grant (PPG)

Is Project Preparation Grant requested?
true

PPG Amount (\$)
120000

Agency's Comments

Now

N/A

Yes

ANNEX A: FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant(\$)	Agency Fee(\$)	Total GEF Financing (\$)
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Total GEF Resources (\$)						6,200,000.00	558,000.00	6,758,000.00

Project Preparation Grant (PPG)

Is Project Preparation Grant requested?
true

PPG Amount (\$)
120000

Agency's Comments

30/11 GEF Sec : thanks, cleared.

Agency's Comments We set the 200,000 as Grant, we missed that.
Focal Area allocation?

Secretariat's Comments N/A

Agency's Comments
LDCF under the principle of equitable access?

Secretariat's Comments N/A

Agency's Comments
SCCF A (SIDS)?

Secretariat's Comments N/A

Agency's Comments
SCCF B (Tech Transfer, Innovation, Private Sector)?

Secretariat's Comments N/A

Agency's Comments
Focal Area Set Aside?

Secretariat's Comments N/A

Agency's Comments
8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments yes.

Agency's Comments

8.3 Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat's Comments

Please provide specifics of the type of co-financing that are now indicated as ?other?. Make co-financing numbers consistent throughout the document: numbers in termsheet and summary table. Please differentiate between co-financing at the ECF level and at the investment vehicle level.

11/16

No. Please make co-financing numbers consistent throughout the document, including project component table and termsheet (numbers are different there than in the document) and the table in the termsheet is not readable. Check formatting, please

Additionally, the project proposal mentions BNDES as potential co financier but is missing in the co-financing section. There is a footnote (but the amounts of potential BNDES support in the co-financing table and the termsheet are different, please address).

11/29 GEF SEC

Not cleared: co-financing numbers and types to be consistent. This is to be addressed in several tables of the Document in the different tables.

30/11 GEF Sec : thanks, cleared.

Agency's Comments

There were two tables missing 1M in co-finance, now they are right. All the other tables are showing consistent numbers. We still mention BNDES but we deleted the values that were creating confusion, those are not robust and should not go into any table at this moment. Hopefully by CEO endorsement we will have those.

Annex B: Endorsements

8.4 Has the project been endorsed by the country?(ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?

Secretariat's Comments

Yes

Agency's Comments

Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?

Secretariat's Comments

No ? the OFP endorsement letter should follow the format provided here;
<https://www.thegef.org/documents/gef-8-operational-focal-point-endorsement-letter>

11/16

Cleared, no LOE is needed. Information letter accepted.

Agency's Comments

We understood from the NGI Call for Proposals (section II) that the OFP only needed to be informed of the project as the project falls in the first case: ?Projects or Programs in which the beneficiaries are private sector actors exclusively.?

Thus, the letter of the OFP did not follow the template, as it just says it has knowledge of the project and supports it, reacting to Funbio's information on the project.

Please confirm that we need a letter following the template.

Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?

Secretariat's Comments

No ? please provide correct amount under each category. Source of Funds should be Blended Finance (NGI).

11/16

No - Please change Programming of Funds into NGI in the financing table.

ANNEX A: FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds ⓘ

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds ⓘ	Grant / Non-Grant	GEF Project Grant(\$)	Agency Fee(\$) ⓘ	Total GEF Financing(\$)
Funbio	GET	Brazil	Biodiversity	BD Global/Regional Set-Aside	Non-Grant	6,200,000	558,000	6,758,000.00
Total GEF Resources(\$)						6,200,000.00	558,000.00	6,758,000.00

ANNEX A: FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds ⓘ

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds ⓘ	Grant / Non-Grant	GEF Project Grant(\$)	Agency Fee(\$) ⓘ	Total GEF Financing(\$)
Funbio	GET	Brazil	Biodiversity	BD Global/Regional Set-Aside	Non-Grant	6,200,000	558,000	6,758,000.00
Total GEF Resources(\$)						6,200,000.00	558,000.00	6,758,000.00

30/11 GEF Sec : thanks, cleared.

Agency's Comments

See item 8.5 below; NGI Projects do not require LoE if they are just with the private sector. Thus, we just informed the OFP, which responded with the letter we attached.

Please advise on how to proceed.

Review 2:

Tables adjusted for NGI

We split the number into Non-grant and grant.

8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?

Secretariat's Comments

N/A

Cleared-no need for LOE

Agency's Comments

We informed the OFP, as required, which responded with the attached letter.

Please, we need advice on how to proceed with this.

Annex C: Project Location

8.6 Is there preliminary georeferenced information and a map of the project's intended location?

Secretariat's Comments Yes

Agency's Comments

Annex D: Safeguards Screen and Rating

8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?

Secretariat's Comments Yes

Agency's Comments

Annex E: Rio Markers

8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?

Secretariat's Comments Yes.

Agency's Comments

Annex F: Taxonomy Worksheet

8.9 Is the project properly tagged with the appropriate keywords?

Secretariat's Comments Yes.

Agency's Comments

Annex G: NGI Relevant Annexes

8.10 Does the project provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table to assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat's Comments

1. Termsheet: update the figures in termsheet, a picture there is not visible. The term sheet describes a loan while the reflow table a contingent grant, please revise the terms and conditions as reimbursable grants and make these two annexes consistent-
2. The termsheet needs to be clear on how we would transition from Phase 1 of the project to Phase 2.
3. Please include the case of default that would exceed the first loss, which would impact GEF investment. Explain clearly in which cases GEF will not recover its grant.
4. The termsheet should include considerations on the circumstances in which VERT would step down from its role. How would the substitution of VERT happen? How would FUNBIO step in?
5. How can we ensure that CRAs in this project are used ONLY for its intended use that deliver GEBs? Are there selection criteria and/or any penalties if we find out these are not funding what they intended ?
6. The team suggests working on a termsheet with IA and EA ahead of the next submission.

[11/16 GEFSec Additional Comments](#)


1. Figures are visible but please adjust margins to make tables in Annex G1 and G2.

ANNEX G.1: Template for Indicative Financial Termsheet

Instructions. This termsheet to be submitted with the PIF/PFD should include sufficient details to allow a financial expert to understand and judge the financial viability of the proposed investments. Indicative terms and conditions should be used when specific details are not yet available. An equivalent termsheet used for internal Agency purposes is acceptable but must include sections on Currency Risk, Co-financing Ratio and Financial Additionality.

Project/Program Title	Living Amazon Mechanism																																																						
Project/Program Number																																																							
Project/Program Objective	The objective of the project is to strengthen Amazon socio-biodiversity organizations, businesses and supply chains, promoting a development model in the Amazon that combines access to credit and conservation with income generation for local communities and which will serve as a demonstration model to continue attracting market investments by other investors and donors																																																						
Country (ies)	Brazil																																																						
GEF Agency presenting the Project	FUNBIO																																																						
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GEF Agency	Funbio	Support to communities	Investment	3.000.000																																																			
Total				42.600.000																																																			

ANNEX G.2: Reflows table

Instructions. Any financial returns, gains, interest or other earnings and remaining principal will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy, and the GEF Non-Grant Instrument Policy. 

Item	Data
GEF Project Number	
Estimated Agency Board approval date	April 2024
Investment type description (financial product, debt, equity, guarantee, other)	Reimbursable Grants Used to invest in senior tranche of Agriculture Receivables Certificate - CRA
Expected date for start of investment	July 2024
Amount of investment (USD GEF funds) (include technical assistance and non-grant portions)	Non Grant: US\$0.000.000 Grant (TA): US\$500.000
Maturity (indicate the grace period if needed)	8 years
First repayment year	2031
Final repayment year	US\$ 8.000.000
Repayment method description	Principal Payment: Bullet Interest payment: bullet
Frequency of reflow payments (if amortized)	One time in year 8
A. Total principal amount to be paid-reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	US\$0.000.000
B. Total interest/earnings/premiums amount to be paid-reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	Reimbursable grant Any interest will be reinvested in the operation
Total reflows to the GEF Trust Fund (Sum A + B) in whole USD	US\$0.000.000

ANNEX G.1: Template for Indicative Financial Termsheet

Instructions: This termsheet to be submitted with the PIF/PFD should include sufficient details to allow a financial expert to understand and judge the financial viability of the proposed investments. Indicative terms and conditions should be used when specific details are not yet available. An equivalent termsheet used for internal Agency purposes is acceptable but must include sections on Currency Risk, Co-financing Ratio and Financial Additionality.

Project/Program Title	Living Amazon Mechanism					
Project/Program Number						
Project/Program Objective	The objective of the project is to strengthen Amazon eco-biodiversity organizations, businesses and supply chains, promoting a development model in the Amazon that combines access to credit and conservation with income generation for local communities and which will serve as a demonstration model to continue attracting market investments by other investors and donors					
Country (ies)	Brazil					
GEF Agency presenting the Project	FUNBIO					
Project Financing	Timeline	Number of institutions	Total amount	Of which GEF/Non	Co-financing Nature/Portion/ %	Return
	Year 0-01	02	US\$4,140	US\$361	US\$3,779	Principal @ 6.00%
Year 0-02	02 (renewable)	US\$4,140 (renewable)	US\$361 (renewable)	US\$3,779 (renewable)	Principal @ 6.00%	
Total	02	US\$8,280	US\$722	US\$7,558	Total principal @ 6.00%	
Co-financing: Natura/Porticus/IFC Other investors and subordinated tranche (1 st loss). GEF will have a senior tranche (2 nd loss).						
The financing will use two mechanisms: CRA and ECF						
A.						
	Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment mobilized	Amount	
	Private Sector	Natura	Investor in the CRAs	Investment	600,000	
	Private Sector	Natura	Donation for the ECF	Investment	600,000	
	Private Sector	Natura	Purchasing agreements	Investment	35,000,000	
	Private Sector	Fundo Vale	Donation for the ECF	Investment	650,000	
	Private Sector	Porticus	Investor in the CRAs	Investment	500,000	
	Other	IFC	Investor in the CRAs	Investment	1,000,000	
	Other	IFC	Donation for the ECF	Investment	300,000	
	GEF Agency	Funbio	Support to communities	Investment	3,000,000	
	Total				42,600,000	
ECF will be a grant mechanism and CRA will be the Non-Grant Instrument. CRA work as a Trust Fund, being the Securitization com						

ANNEX G.2: Reflows table

Instructions: Any financial returns, gains, interest or other earnings and remaining principal will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy, and the GEF Non-Grant Instrument Policy. **1**

Item	Data
GEF Project Number	
Estimated Agency Board approval date	April 2024
Investment type description (financial product: debt, equity, guarantee, other)	Reimbursable Grants Used to invest in senior tranche of Agriculture Receivables Certificate - CRA
Expected date for start of investment	July 2024
Amount of investment (USD: GEF funds) (include technical assistance and non-grant portions)	Non Grant: US\$4,000,000 Grant (TA): US\$200,000
Maturity (indicate the grace period if needed)	9 years
First repayment year	2031
Final repayment year	US\$ 8,000,000
Repayment method description	Principal Payment: Bullet Interest payment: bullet
Frequency of reflow payments (if amortized)	One time in year 0
A. Total principal amount to be paid-reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	US\$8,000,000
B. Total interest earnings/premiums amount to be paid-reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable) in whole USD.	Reimbursable grant Any interest will be reinvested in the operation
Total reflows to the GEF Trust Fund (Sum A + B) in whole USD	US\$8,000,000

2

2- Terms and conditions for financing instruments from GEF should indicate terms that FUNBIO is requesting to the GEF. Therefore, revise the terms and conditions as reimbursable grants (termsheet continues to be for loan and guarantees and reflow table talks of interest?- there is no interest if this is a grant)

3- Please include the following explanation you provided in the review sheet below both in the NGI financial structure AND the termsheet. In the termsheet we suggest adding a row that explains Phases of this investment.

Conditions to transition from Phase 1 to Phase 2 will include:

- Good payment performance (under the 1st loss tranche) of the portfolio during Phase 1
- Cooperatives need to be in compliance with all terms and conditions
- Cooperatives need to indicate potential demand and use of proceeds for Phase 2

4- Please include the below explanation (only in the review sheet now) in the termsheet: add a row: cases for substitution of VERT. Does FUNBIO have the capacity (and also is it a regulated entity to do the roles of VERT in capital markets?) What happens if it takes a long time to substitute VERT? Please include all these considerations in the termsheet.

In the case VERT steps down from its role, there can be two scenarios:

- 1- Certain circumstances are pre-approved in the Termo de Securitiza??o. In these cases, it is a simple notification from the fiduciary agent to VERT and Funbio and then Funbio automatically steps in to replace VERT (there is no need to schedule an investors? general meeting)
- 1- An investors? general meeting is scheduled by the fiduciary agent to replace VERT. The procedures for this substitution will be defined upfront and reflected in the Termo de Securitiza??o.

5- Please include this in the NGI financial structure AND the termsheet your response in the review sheet i.e. please add a row in the termsheet entitled Waterfall of Payments with the below description

- There is a payment waterfall in the CRA that respects the following concept:

- 1- Costs and expenses
- 2 Senior investors
- 3-- 2nd Loss Senior tranche repayment (GEF?)
- 4-- 1st Loss Subordinated tranche repayment (NATURA?)

Would this waterfall apply to both interest and principal? Please clarify

This means that as the loans are repaid, VERT will use the proceeds respecting the waterfall.

So, if the proceeds have default rates in excess of the subordinated ratio, GEF will start to be impacted. The size of the impact will depend on the default rate.

6 Please share a word document of the Termsheet and Reflow table before the next turnaround so that we can work on that part while you address comments.

7- co-financing table in the termsheet does not match with co-financing amount under three project components (CRA, ECF, M&E). Where will M&E co-financing come from?

8- The section on Project Financing mentions a first loss by Natura Porticus IFC and GEF will have a second loss. But this contradicts the section on NGI financing structure where you state that GEF is senior tranche. A senior tranche with others investors to be mobilized is not part of this table; it should. Financial additionality section: why would IFC be subordinated to GEF?

be subordinated to GEF?


11/28 Additional comments:

The termhseet co-financing table mentions Natura's 36 M is grant (when in the Co financing table it is Investment mobilized. Please change the Type of Co-financing here.

The financing will use two mechanisms: CRA and ECF

Sources of Co-financing	Co-financer	Type of co-financing	Amount mobilized in USD
Private Sector	Natura	Debt	\$ 600.000,00
Private Sector	Porticus	Debt	\$ 500.000,00
GEF agency	Others (IFC, BID invest)	Debt	\$ 1.000.000,00
Private Sector	Commercial/Impact Funds	Debt	\$ 4.000.000,00
			\$ 6.100.000,00

CRA

ECF 


Sources of Co-financing	Co-financer	Type of co-financing	Amount mobilized in USD
Other	Others (IFC, BID invest)	Grant	\$ 300.000,00
Private Sector	Natura	Grant	\$ 600.000,00
Private Sector	Fundo Vale	Grant	\$ 600.000,00
Private Sector	Natura	Grant	\$ 36.000.000,00
GEF agency	Funbio	Grant	\$ 3.000.000,00
		Total	\$ 40.500.000,00

Total Co-financing: USD 46,600,000

The financing will use two mechanisms: CRA and ECF

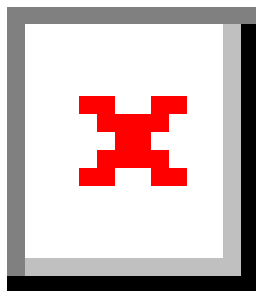
Sources of Co-financing	Co-financer	Type of co-financing	Amount mobilized in USD
Private Sector	Natura	Debt	\$ 600.000,00
Private Sector	Porticus	Debt	\$ 500.000,00
GEF agency	Others (IFC, BID invest)	Debt	\$ 1.000.000,00
Private Sector	Commercial/Impact Funds	Debt	\$ 4.000.000,00
			\$ 6.100.000,00

CRA

ECF 

Sources of Co-financing	Co-financer	Type of co-financing	Amount mobilized in USD
Other	Others (IFC, BID invest)	Grant	\$ 300.000,00
Private Sector	Natura	Grant	\$ 600.000,00
Private Sector	Fundo Vale	Grant	\$ 600.000,00
Private Sector	Natura	Grant	\$ 36.000.000,00
GEF agency	Funbio	Grant	\$ 3.000.000,00
		Total	\$ 40.500.000,00

Total Co-financing: USD 46,600,000



Project financing: I do not understand this ? Co-financing: Natura and other investors and subordinated tranche (1st loss). GEF will have a mezzanine tranche (2nd loss) during the second phase. A Senior tranche will be used to mobilize additional investors during the second phase. In the scale up phase of the project, after track record is created and the concept is proved, we will launch a 'super senior' tranche, so GEF will become a mezzanine investor and unlock private capital at scale during the second phase."

Please review wording: it now seems there are 3 phases?

Are these areas mentioned in the termsheet where the protected territories are? Please confirm. The mechanism will be able to work in the States of Acre, Amapá, Amazonas, Pará, Rondônia, Roraima and Tocantins, as well as most of Mato Grosso and the western part of Maranhão regions of the amazon to deliver the intended GEBs.

Please review the order of the waterfall in Phase 2: (senior tranche should be repaid after costs?)

Second phase (year 5-8):

- 1- Costs and expenses ? legal and administrative costs, registration costs related to the issuance of the CRA ? phase 2.
- 2- Mezzanine tranche repayment (GEF) - 2nd loss
- 3- Subordinated tranche (NATURA and others) - 1st loss
- 4- Senior tranche ? 3rd loss

Please eliminate brackets throughout the termsheet

30/11 GEF Sec : thanks, cleared.

Agency's Comments

We updated the termsheets

2- Conditions to transition from Phase 1 to Phase 2 will include:

- Good payment performance (under the 1st loss tranche) of the portfolio during Phase 1
- Cooperatives need to be in compliance with all terms and conditions
- Cooperatives need to indicate potential demand and use of proceeds for Phase 2

3- There is a payment waterfall in the CRA that respects the following concept:

- 1- Costs and expenses
- 2- Senior tranche repayment
- 3- Subordinated tranche repayment

This means that as the loans are repaid, VERT will use the proceeds respecting the waterfall.

So, if the proceeds have default rates in excess of the subordinated ratio, GEF will start to be impacted. The size of the impact will depend on the default rate.

4 - In the case VERT steps down from its role, there can be two scenarios:

- 1- Certain circumstances are pre-approved in the Termo de Securitiza??o. In these cases, it is a simple notification from the fiduciary agent to VERT and Funbio and then Funbio automatically steps in to replace VERT (there is no need to schedule an investors? general meeting)
- 2- An investors? general meeting is scheduled by the fiduciary agent to replace VERT. The procedures for this substitution will be defined upfront and reflected in the Termo de Securitiza??o.

5- There is a clause that sets the Use of Proceeds of the CRA. VERT has a fiduciary duty and is liable to follow this in the Termo de Securitiza??o.

Review 2":

All tables and figures are fitting the template now.

All termsheets were revised

Additional comments 30/11:

We changed to grant (Natura?s 36M) in the co-finance table to avoid confusion. Mobilized investment is other classification (its either mobilized or in kind, regardless if it?s a grant, loan, etc)

There are only two phases. We revised and deleted the ?super senior? part. Two phases, in phase 2 GEF is mezzanine and with less than 50% of total investment.

We simplified the text, all investments will be made in protected areas in the Brazilian Amazon to generate GEBs.

We adjusted the waterfall and eliminate the brackets

9 GEFSEC Decision

9.1 Is the PIF and PPG (if requested) recommended for technical clearance?

Secretariat's Comments

Please address comments ahead of resubmission.

11/16 From the Avril Benchimol PM of the NGI program: the project still needs to address comments submitted in the first review (not yet addressed) and address additional comments from PPO. From Adriana Moreira (BD) The proposal is technically cleared for the Biodiversity aspects and GEBs.

11/30 The Project is cleared from the Technical point of view, awaiting for PPO clearance of Agency's responses.

Agency's Comments

We appreciate the feedback and adjusted and improved the PIF.

9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval

Secretariat's Comments

Agency's Comments

Review Dates

	PIF Review	Agency Response
First Review	10/6/2023	
Additional Review (as necessary)	11/17/2023	
Additional Review (as necessary)	11/29/2023	
Additional Review (as necessary)		
Additional Review (as necessary)		

