GEF-8 PROJECT IDENTIFICATION FORM (PIF)

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General Project Information

Project Title
Yield Lab Opportunity Fund I: Accelerating technology and local innovation for sustainable and decarbonized food systems in Latin America and the Caribbean.

Region	GEF Project ID
Regional	11066
Country(ies)	Type of Project
Regional	FSP
GEF Agency(ies):	GEF Agency ID
IADB	RG-Q0012
Executing Partner	Executing Partner Type
The Yield Lab Latam	Private Sector
GEF Focal Area (s)	Submission Date
Multi Focal Area	2/28/2023

Project Sector (CCM Only)
Mixed & Others

Taxonomy
Focal Areas, Land Degradation, Food Security, Sustainable Land Management, Sustainable Livelihoods, Sustainable Agriculture, Land Productivity, Land Degradation Neutrality, Carbon stocks above or below ground, Chemicals and Waste, Pesticides, Emissions, Eco-Efficiency, Climate Change, United Nations Framework Convention on Climate Change, Nationally Determined Contribution, Paris Agreement, Enabling Activities, Climate Change Mitigation, Technology Transfer, Financing, Agriculture, Forestry, and Other Land Use, Sustainable Development Goals, Agriculture and agrobiodiversity, Mainstreaming, Biodiversity, Demonstrate innovative approache, Influencing models, Private Sector, Stakeholders, SMEs, Beneficiaries, Education, Communications, Access to benefits and services, Gender results areas, Gender Equality, Gender Mainstreaming, Gender-sensitive indicators, Capacity, Knowledge and Research, Theory of change, Learning, Innovation, Capacity Development

Type of Trust Fund	Project Duration (Months)
GET	144
GEF Project Grant: (a)	GEF Project Non-Grant: (b)
0.00	6,000,000.00
Agency Fee(s) Grant: (c)	Agency Fee(s) Non-Grant (d)
0.00	570,000.00
Total GEF Financing: (a+b+c+d)	Total Co-financing
6,570,000.00	44,000,000.00
PPG Amount: (e)	PPG Agency Fee(s): (f)

0.00	0.00
PPG total amount: (e+f)	Total GEF Resources: (a+b+c+d+e+f)
0.00	6,570,000.00
Project Tags	
CBIT: No NGI: Yes SGP: No Innovation: No	

Project Summary

Provide a brief summary description of the project, including: (i) what is the problem and issues to be addressed? (ii) what are the project objectives, and if the project is intended to be transformative, how will this be achieved? iii), how will this be achieved (approach to deliver on objectives), and (iv) what are the GEBs and/or adaptation benefits, and other key expected results. The purpose of the summary is to provide a short, coherent summary for readers. The explanation and justification of the project should be in section B "project description".(max. 250 words, approximately 1/2 page)

Latin American food systems face several significant challenges: the urgent need to transition to decarbonization and sustainable production models, the growing pressure for higher productivity and food security, and a sector requiring a fairer distribution of the value created to enable inclusive development. Agrotechnological innovations developed by the technology-based ventures in the agri-food sector are central in addressing these challenges, particularly for small and medium-sized farms with low productivity. However, despite its rapid growth, the startup ecosystem in this area in Latin America and the Caribbean [1][1] find themselves with limited availability of early stage , mentoring, and specialized advice to grow as many Venture Capital Funds focus on a larger ticket size for start-ups that are already in more mature stages. This context is the motivation guiding the project proposal and its objective to promote early-stage agrotechnological innovations with catalytic potential.

To fill the aforementioned gaps and meet the challenges in the sector, the Yield Lab Latam, a leading venture capital firm specializing in investing and mentoring high-impact agrotechnology startups will work as a needed complementary stakeholder in the innovation ecosystem, providing specialized capital investment alongside strategic support and mentoring for companies in the critical early stages of investments and build their capacities to scaling up sustainability solutions for intensive crops in Central America, Mexico, and the Caribbean as well as livestock, agriculture and aquaculture in South America and the Andean Region. The Project will finance and mentor a portfolio of up to 30 agro-technological startups in early stages that will receive equity and specialized support of between US$ 175,000 and US$ 2,000,000, with the possibility of additional investments in subsequent rounds and strategic assets in the process of growth and regionalization of the business. The Fund will complement other Venture Capital Funds such as AgVentures, which received GEF funds under the NGI window during GEF-7, which typically invest in later stages and target more developed start-ups, offering bigger ticket sizes.

Therefore, the Yield lab plays an important complementary role vis-a-vis SP Ventures. Together, they will support startups from their very inception to providing solutions at scale at a regional level. These activities will move the needle towards decarbonized and sustainable food systems as enablers for high impact in climate change mitigation, adaptation, resilience, and restoration through a systemic value chain approach. Each startup within the regional portfolio will result in environmental benefits: #6 GHG emissions mitigated, #4 Area of landscapes under improved practices, #9 Reduction, disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials, and products and #11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment. The proposal allows to work on specific priorities for each country and strengthen stakeholders important in the food sector's evolution.

[1] **más de 70% de inversiones VC en el sector, a nivel global, se enfocan en rondas de financiamiento y estadios más avanzados. Fuente: 2019 AgriFoodtech Investment Review – Finistere Ventures & Pitchbook**
[2] **El sector Agrifood tech representa solamente 7% de las inversiones de la industria VC. Fuente: Pothering, J. (2020)The role of impact investors in early stage agtech investing Tomado de: https://agfundernews.com/the-role-of-impact-investors-in-early-stage-agtech-investing.html**

Indicative Project Overview

Project Objective

The Project will finance a portfolio of crucial and early-stage tech-based startups supporting decarbonized and sustainable food systems as enablers for high impact in climate change mitigation, adaptation, and restoration through a systemic approach throughout the value chain. The proposed project will channel GEF financing, through an equity investment in The Yield Lab Latam Fund of US$ 6 million. Particularly, the Project will invest in the new YLL Fund ("YLL Opportunity Fund I") by which up to 30 agro-technological startups, in early stages will receive smart capital investment and specialized support of between US$ 175,000 and US$ 2,000,000, with the possibility of additional investments in subsequent rounds and strategic assets in the process of growth and regionalization of the business. The objective of this investment is to capitalize the YLL Opportunity Fund I, together with other investors, to channel entrepreneurial capital to agrotech startups in Latin America and the Caribbean (LAC).

Project Components

The Yield Lab Latam Fund I equity capitalization for ag&food innovation.

Component Type	Trust Fund
Investment	GET
GEF Project Financing ($)	Co-financing ($)
6,000,000.00	44,000,000.00

Outcome:

Outcome 1.: Increased private finance for investment into tech-based food systems innovation for its decarbonization and inclusive, sustainable development.

Outcome 2.: Strengthening of the innovation ecosystem as an accelerator, support, and leverage of tech-based innovations sustainable and resilient food systems.

Outcome 3.: Enhance adoption and scaleup of tech-based innovation available supporting resilience, adaptation, and less environmental harmful models in agriculture and food systems in LATAM, as a result of TYLL fund investments.

Outcome 4.: Expansion of people benefitting directly and indirectly from climate smart innovation in agriculture and food systems.

Output:

Output 1: 20 startups financed, aligned with the investment thesis.

Output 2: 2 knowledge products developed by YLL (research, webinars, and education events for stakeholders in the innovation ecosystem)

Output 3.1.: 5226 metric tons of reduction, disposal/ destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials, and products

Output 3.2.: 12,639,838 metric tons CO2e avoided and mitigated.

Output 3.3.: 13,646,300 ha of land under better sustainable practices

Output 4.: 270000 people (81000 female small & medium and 189000 male small & medium farmers) benefiting directly and indirectly from the project.

M&E

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)

Outcome:

Outcome 5: Project M&E

Output:

Output 5.1.: Design of impact monitoring and measuring guidelines for the agritechnology innovation prioritized in the project, supporting the correct implementation over time by the Fund management team and the startups in the portfolio.

Output 5.2.: Project Midterm Evaluation Report

Output 5.3.: Project Final Evaluation Report

Output 5.4: Final workshop event to present the project results to a group of stakeholders involved in the project, and part of the innovation ecosystem in LAC that could benefit from the results, lessons learned, and experience.

Component Balances

Project Components	GEF Project Financing ($)	Co-financing ($)

The Yield Lab Latam Fund I equity capitalization for ag&food innovation.	6,000,000.00	44,000,000.00
M&E		
Subtotal	**6,000,000.00**	**44,000,000.00**
Project Management Cost		
Total Project Cost ($)	**6,000,000.00**	**44,000,000.00**

Please provide justification

The proposed project will channel GEF financing, for an equity investment in The Yield Lab Latam Fund of US$ 6 million. The objective of this investment is to capitalize the YLL Opportunity Fund I, together with other investors, to channel entrepreneurial capital to agrotech startups in LAC. For further detail of the structure and characteristics of the financial operation proposed see Annex G. Term Sheet.

PROJECT OUTLINE

A. PROJECT RATIONALE

Briefly describe the current situation: the global environmental problems and/or climate vulnerabilities that the project will address, the key elements of the system, and underlying drivers of environmental change in the project context, such as population growth, economic development, climate change, sociocultural and political factors, including conflicts, or technological changes. Describe the objective of the project, and the justification for it. (Approximately 3-5 pages) see guidance here

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    - **Food systems globally are facing several significant challenges: the urgent necessity to transition to decarbonization, the growing pressure for more productivity to respond to a growing global population, and a sector needing a fairer distribution of the value created to enable more inclusive development.**

      Food systems are a significant driver of environmental degradation, including loss of forests and biodiversity, degradation of lands, depletion of freshwater resources, nutrient pollution, and greenhouse gas (GHG) emissions. Agriculture is one of the most carbon-intensive activities today. From the global total, emissions from the agricultural sector account for annual direct emission of 22% (13Gt CO2eq)[2][1]. Adding indirect emissions to the estimation (storage, transportation, processing, equipment etc.) they represent around a third of the global total. Moreover, agriculture occupies about 37% of the world's total land area. It accounts for up to 80% of global deforestation[3][2], 70% of the terrestrial loss, and 50% of the freshwater biodiversity loss[4][3]. The impact on GHG emissions from the agri-food sector is so high that without a substantive change in the industry, it will not be possible to achieve the global objectives of keeping the planet's temperature below 2C compared to the pre-industrial era.

      The consequences of unsustainable food production extend into aquatic systems; agriculture is one of the largest sources of water pollution, which runs off into aquatic ecosystems and coastal areas. Agricultural production accounts for approximately 70% of water consumption[5][4] (often excessive consumption due to suboptimal irrigation systems). In addition, the agri-food sector is highly vulnerable to climate change regarding economic losses and social consequences. By 2050, estimations project 9 out of 10 of the most consumed crops worldwide will reduce their productivity by between 8% and 23 % without effective adaptation measures.[6][5]

      One problem driving negative environmental impact is the waste associated with food systems. Global food waste is well on the way to becoming a billion-ton problem. A UNEP food report in 2021 found an estimated 931 million tons of food finished in the trash yearly. Most of that figure falls under the category of household waste, although the food service and retail sectors account for a further 244 and 118 million tons, respectively.[7][6] Unlike other global regions, in Latin America, most waste happens in the supply chain, from production to retailers.

      For Latin America, food systems take an essential place. In the last years, at a global level, agriculture represented 4% of GDP, but for Latin America, it represents between 5% and 18%, depending on the country analyzed.[8][7] Due to this, GHG emissions and environmental degradation are even higher in Latin America and the Caribbean due to the importance of agri-food activities in the local economy. In this context, impact innovation is mandatory to accelerate

the process and an opportunity to solve environmental problems, while social inclusion is part of the solution.

The innovative solutions developed by the technology-based ventures in the agri-food sector, are central in addressing environmental and inclusion challenges, particularly for small and medium-sized farms with low productivity. Meeting these challenges requires a combination of policies and efforts of both the public and private sectors, new market-driven solutions, and new models of technology, many of which come from agrotechnological startups. The latest advances and acceleration of new digital technologies (such as data analytics, big data, remote imaging, satellites, internet of things, artificial and augmented intelligence, and blockchain), life sciences (for example, advanced genomics, biotechnology) and automation (such as robotics, precision sensors) have led to the emergence of innovation known as agrotechnology, that is demonstrating the potential to generate significant impact and inclusion throughout the value chain of the sector.

Despite this rapid growth, the startup ecosystem of agrotechnology in the region is still emerging, and entrepreneurs[9][8] find themselves with limited availability of capital[10][9], mentoring, and specialized advice in the sector. Entrepreneurs rarely thrive without specialized support and investment. Traditionally, this support, financial and non-financial, was provided by venture capital funds. However, there are currently limited regional funds of this type that can offer in-depth and specialized knowledge about the sector meeting the needs of agrotechnological ventures. This project is an answer to these needs and by providing specialized capital, capacity building and mentoring to agrotechnology startups.

The complementarity of stakeholders supporting climate innovation in all innovation processes helps to reduce the access gap to comparable technologies between large corporate conglomerates operating in the region and small and rural stakeholders in the food and agriculture supply. This inequality is a significant barrier to supporting best practices and to reducing natural resource intensity as part of food supply and production operations. In other words, the Fund directly helps develop the Agtech entrepreneurial ecosystem in LAC and influences the availability of innovative technologies across LAC under an inclusive framework, thereby contributing to improving livelihoods, positive environmental outcomes, and climate resilience in vulnerable populations.

Tackling these challenges in isolation will not deliver the desired shift in food systems toward sustainability and resilience for people and the planet. Such transformational change calls for collective engagement by diverse stakeholders in food systems, and the appropriate resources[11][10]. It is necessary to move toward integrated solutions across entire supply chains, from the supply (production) to consumption. In this context, the Yield Lab will promote the necessary innovation by financing and building capacity in startups offering catalytic technologies and approaches to move the needle towards sustainable food systems and generate positive impact.

IDB Lessons Learned from early-stage technological VC Funds: Since 1996, IDB Lab has invested in more than 90 investment funds providing entrepreneurial capital (Venture Capital) throughout Latin America and the Caribbean, currently having an active portfolio of 54 funds, which have invested in more than 600 companies in 21 countries. Critical lessons learned from these experiences include:

- The Fund management team should combine financial skills with operational and business skills that form a group with diversified experiences and capacities,
- The startups need ongoing support and may need to test different business models throughout their stages of consolidation and growth,
- Venture capital funds should have at least a capitalization of US$20 million, and

- The exits remain challenging for the early-stage investment industry, particularly in less mature innovation segments like agrotechnology.

Therefore, the fund manager must have entrenched networks with considerable funds, corporate, and other possible acquirers to generate better exit opportunities. During analysis Due diligence, the IDB Lab project team verified that Yield Lab Latam has a team of professionals with experience and complementary skills that include a strong entrepreneurial and business profile, trajectory accompanying, creating, scaling, and operating successful companies, and successful management of investment funds in the selection process, evaluation, negotiation, investment, monitoring, and disinvestment of companies.

IDB Lessons learned from funds directed to the agricultural sector are: IDB Lab has invested in various VC Funds targeted at the agribusiness sector. Key lessons learned and best practices include: (i) given the sectoral specificity of the fund, the investment strategy can be broader in terms of the stage of the investments and the geographic goal to ensure greater access to a flow of operations and quality opportunities within the sector; (ii) given the particularities of the agricultural sector, the fund manager must have comprehensive knowledge and expertise about the sector to be able to support the portfolio companies at a technical level and provide them with advice on sector-specific business; (iii) agricultural sectors generally require the Fund management teams to be highly multidisciplinary and include members with entrepreneurial skills and agronomy, marketing, biotechnology, agricultural management, and investment; (iv) it is essential to diversify investments in geographic terms and crops within a country or region to avoid a high concentration that can be affected by climatic phenomena; and (v) when investing in crop production, there should be special attention to market demand and price trends to reduce income volatility and ensure financial returns.

The Baseline Scenario. As mentioned in before, food systems globally are facing significant parallel challenges, with the urgent transition to decarbonized models, the growing pressure for more productivity to respond to a growing global population, and a sector inefficient to fairly distribute the value created. Against this background and given this urgency, the innovation ecosystem is responding globally, looking for solutions. Today, a collection of technological innovations seeks solutions to the problems and challenges faced by the agriculture and food industry. Agtech startups are highly relevant in the food systems sector as they have the potential to create innovations, while at the same time enabling transformative change in the way food is produced and promoting positive environmental, social, and economic impacts. In recent years, Latin America and the Caribbean have witnessed an increase in ag&food tech innovation, a continuing phenomenon that keeps expanding in the region and deepening in food subsectors.

The innovation wave is maintained by global technological convergence but also by fundamental factors linked to the environment, consumer demand, public policies, and the dynamics of agricultural producers, all of which drive innovation toward more sustainable and efficient development models. In this context, ag&food tech innovations find momentum for regional development and expansion. Nevertheless, the LAC innovation ecosystem is not totally developed and finds better conditions in some subregions. As a result, startups are heavily concentrated in Brazil, which accounts for around half (51%) of all startups. Countries in South America are leading this innovation wave, supported by a large-scale local market and more developed entrepreneurial ecosystems that have favored the emergence and scaling of startups.

While startups offer solutions to generate transformative changes with a positive impact on environmental, social, and economic aspects, IDB information gathered from experience, different entrepreneurs, and sources reveal that there is still a long way to go to effectively reach vulnerable populations in the sector, to count with a solid innovation ecosystem for supporting startups (specialized knowledge,), and to find enough financial capital in all scaling, and entrepreneurial regionalization stages.

Furthermore, ag&food entrepreneurial tech sector ecosystems are less developed than others as fintech in the region. Because of this, ag&food tech faces a higher scarcity of long-term financing, especially in early-stage companies. Currently, a limited number of VC funds (or any other investment vehicles) are dedicated to addressing the challenges faced by the food tech sectors, most of which are focused on South America. Bets in other regions are usually limited to startups in more mature stages.

In the last years, Venture Capital kept rising, and 2020 presented a record number of VC deals, and 2022 was a stronger year, with USD 5.4b deployed across 541 deals in 1H 2022, according to LAVCA[2]. A growing amount of capital is flowing to venture capital in Latin America, but only less than 5% is invested in ag&food tech. While venture investment in all the region's industries has increased over the last few years, fintech holds the top spot as the sector receiving the most significant amount of investment dollars in Latin America, accounting for 40% of Venture Capital invested in 2020, followed by e-commerce, super apps, and proptech. Meanwhile, due to the pandemic, healthtech and edtech industries thrived as digital usage of remote learning, telemedicine, and associated services skyrocketed. For AgriFoodTech landscape, the sector covers over 70 different innovation categories across 12 major sectors that span the whole food and agriculture value chain, with strong trends in farm mechanization and automatization, precision farming, big data, bioenergy, soil tech solutions or food processing.

Recognizing the crucial role that climate finance, and particularly the role that governments and national development banks can have in promoting and financing climate-smart innovation, the IDB Lab has experience in helping to design and invest in Funds with high impact thesis. With a portfolio of more than 50 active VC Funds, only a few of these funds make investments, on a case-by-case basis, in Agtech companies. Most VC Funds lack the in-depth sectorial expertise in investing and supporting new-to-the-market Agtech solutions.

All context described above makes clear the necessity for rapid scaling and regionalization of climate-smart innovations and, therefore, to fill gaps in the ecosystem and to strengthen the crucial stakeholders that can give real support to materializing food systems sustainable models. This project proposal executed by The Yield Lab aims to be a major step in this direction. The Yield Lab characteristics and investment thesis is an excellent opportunity to balance venture capital investment in sectors with higher financial scarcity and mentoring needs.

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[1] 2022. El efecto invernadero | El Gato y La Caja. Argentina.
[2] 2022. Proyecto Clima. El efecto invernadero | El Gato y La Caja. Argentina.

[3][4] 2020 Banco Mundial.El agua en la agricultura. From El agua en la agricultura (bancomundial.org)

[5] 2022. Proyecto Clima. El efecto invernadero | El Gato y La Caja. Argentina

[6] United Nations Environmental Programme. (2021). Global Food Waste Report

[7] 2022. Proyecto Clima. El efecto invernadero | El Gato y La Caja. Argentina.

[8] más de 70% de inversiones VC en el sector, a nivel global, se enfocan en rondas de financiamiento y estadios más avanzados. Fuente: 2019 AgriFoodtech Investment Review – Finistere Ventures & Pitchbook

[9] El sector Agrifood tech representa solamente 7% de las inversiones de la industria VC. Fuente: Pothering, J. (2020)The role of impact investors in early stage agtech investing Tomado de: https://agfundernews.com/the-role-of-impact-investors-in-early-stage-agtech-investing.html

[10] For further detail in stakeholders involved see the section "stakeholder engagement".

B. PROJECT DESCRIPTION

Project description

This section asks for a theory of change as part of a joined-up description of the project as a whole. The project description is expected to cover the key elements of good project design in an integrated way. It is also expected to meet the GEF's policy requirements on gender, stakeholders, private sector, and knowledge management and learning (see section D). This section should be a narrative that reads like a joined-up story and not independent elements that answer the guiding questions contained in the PIF guidance document. (Approximately 3-5 pages) see guidance here

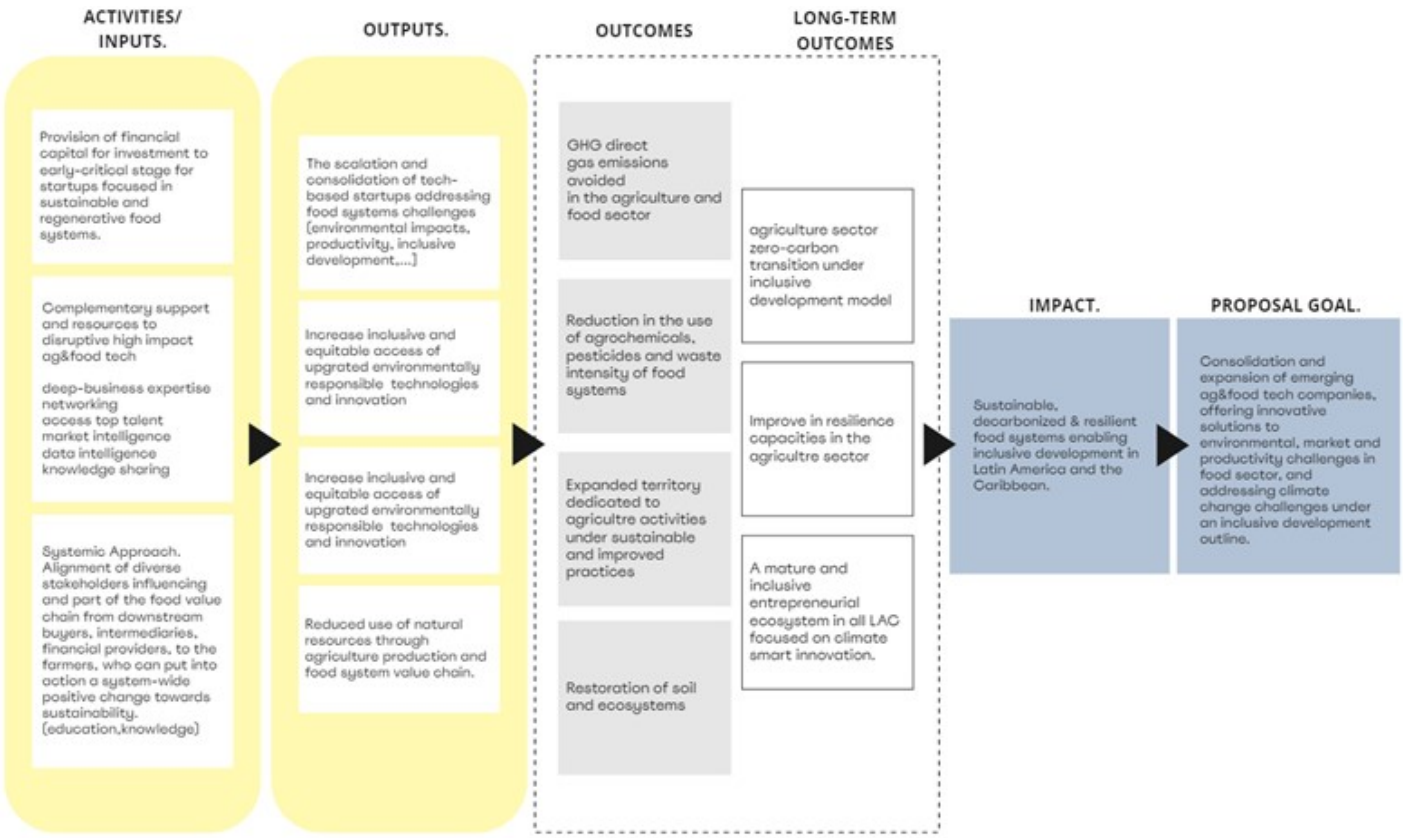
The Yield Lab Latam Fund (TYLL) is a leading venture capital firm specializing in investing and mentoring high-impact startups whose solutions promote widespread and sustained positive transformation in food systems and related technical and environmental challenges. Founded in 2017, TYLL is the agri-Food Tech Venture Capital firm with the most prominent presence and experience across Latin America, with offices in Argentina, Mexico, Brazil, and Chile, and a team investing in companies based in Latin America in the whole food and agriculture innovation spectrum, from farm to fork. The Yield Lab follows the mission to enable entrepreneurs to revolutionize agri-food systems sustainably. Under the TYLL portfolio, it is possible to find scaled-up companies recognized globally for their impact, such as Kilimo, winner of the 2023 World Economic Forum Global Freshwater Innovation Challenge. The following theory of change will describe the project and context in detail.

Theory of change. Latin America has a variety of innovation startups in very early stages focused on food systems, which are fighting to scale up solutions in an innovation ecosystem that still faces different gaps and lacks stakeholders that provide specialized support in the critical early stages. A systemic approach is needed to strengthen the agrotechnological innovation ecosystem so startups can scale up their solutions and contribute to decarbonized and resilient food systems. At the same time, it is an opportunity to consolidate inclusive development in the sector and deliver increasing environmental benefits.

The proposed Project under this thesis considers The Yield Lab as one of those missing stakeholders that could support relevant tech-based startups in their most critical stages. The Project, thus, develops appropriate activities for supporting the startups' capacities, for strengthening and articulating the ecosystem, for identifying the most catalytic and urgent innovations for Latin -America with higher possibilities of regionalization, and for providing resources, including financial capital at crucial moments for the acceleration of startups as enablers for food systems evolution. Through its activities, the regional Fund will invest in a portfolio of early-stage companies from seed rounds, series A to series B[1]. By doing so, the Fund aims to support high-impact opportunities in the Ag&Food sector for some of the essential necessities in the sector and address critical barriers to the development and scale-up of sustainable economic models in the LAC region.

The **Fund's portfolio companies will develop innovative solutions** that would decrease the intense use of chemicals and natural resources (water, energy, and land), enable climate mitigation in high carbon-intensive food segments, and increase climate resilience in crucial food supply chains. Furthermore, the proposed Project sees the consolidation and acceleration of the startups as an opportunity to benefit around 270,000 people from the technologies produced and services offered by the Fund's portfolio companies. **Technologies such as farm mechanization and automatization, precision farming, big data, bioenergy, soil tech solutions or food processing, among others, can provide the impact and deliver the project's goals described above.**

In addition to promoting technological solutions, the Fund also promotes monitoring and transparency. The Yield Lab has developed, assisted by experts, an Environmental and Social (E&S) monitoring tool customized to the Agtech sector. The device will screen and monitor portfolio companies regarding key E&S indicators (including compliance and GEF's Core Indicators). It could serve as a benchmark for the climate-smart industry in Latin America and other developing regions.



The Proposed Alternative Scenario. To meet the gap and respond to the identified current and projected problems, the Yield Lab Fund requests a USD6 million equity investment from the GEF that will leverage an additional USD44 million in co-investments of other private investors. The finance investment provides the medium-and long-term capital needed for achieving the targeted investment thesis and business model described below.

Goal & Objective: The project objective is to support a transition to decarbonized and sustainable food systems through the acceleration and scalation of catalyst tech-based solutions and under a systemic approach strengthening stakeholders as means to achieve climate change mitigation, adaptation, and restoration Under the investment thesis and a systemic approach, the regional Fund will invest in a critical phase for early-stage companies from seed rounds, series A to series B. By doing so, the Fund aims to accelerate and scale up high-impact opportunities addressing some of the most important necessities and barriers in the ag&food sector.

Target Outcomes: The targeted outcomes include: 1) Increased private finance for investment into tech-based food systems innovation for its decarbonization and inclusive, sustainable development; 2) Strengthening of the innovation ecosystem as an accelerator, support, and leverage of tech-based innovations sustainable and resilient food systems; 3) Enhance number of tech-based innovation available supporting resilience, adaptation, and less environmental harmful models in agriculture and food systems in LATAM, as a result of TYLL fund investments; 4) Expansion of people benefitting directly and indirectly from climate smart innovation in agriculture and food systems, and 5) Project Monitoring and Evaluation (M&E). The project proposal will generate environmental, social, and financial returns, including specific Global Environmental Benefits (GEBs) like #6 GHG emissions mitigated[3]; #4 Areas of landscapes under improved practices, and (iii) Reduction, disposal of chemicals of global concern and their waste s of toxic chemicals produced in the environment). Complementary outcomes will target a 270,000 number of people benefiting directly from the innovations produced or put to service by the portfolio companies. For further detail see the Core Indicators Section. Long-term outcomes will be the transition towards a zero-carbon food sector inclusive development,

improved resilience, and a mature and inclusive entrepreneurial ecosystem in all LAC (for more details see Annex G.4).

Expected Outputs: The proposed project and planned activities will target the following outputs: 1) 20 startups financed, aligned with the investment thesis, 2) 2 knowledge products developed by YLL (research, webinars, and education events for stakeholders in the innovation ecosystem), 3.1) 5,226 metric tons of reduction, disposal/ destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials, and products, 3.2.) 12,639,838 metric tons of CO2e avoided and mitigated, 3.3.) 13,646,300 ha of land under better sustainable practices, 4) 270000 people (81000 female small & medium and 189000 male small & medium farmers) benefiting directly and indirectly from the project and 5.1.) Design of impact monitoring and measuring guidelines for the agritechnology innovation prioritized in the project, supporting the correct implementation over time by the Fund management team and the startups in the portfolio, 5.2.) Project Midterm Evaluation Report, 5.3.) Project Final Evaluation Report and 5.4.) Final workshop event to present the project results to a group of stakeholders involved in the project, and part of the innovation ecosystem in LAC that could benefit from the results, lessons learned, and experience.

Geographic Strategy. TYLL will build a regional portfolio, balancing markets of the Southern Cone and the Andean Region and its startups from outside these regions, always looking for models that can scale regionally. Even though the mapping of the deal flow of agtechs in the region shows that 80% of the ventures originate in Brazil, Argentina, and Chile, TYLL has a strategy for the most incipient / emerging markets, where it plans to support the development of local innovation ecosystems, promote the transfer of innovation to less developed markets and identify the best investment opportunities in these markets. The Fund expects to support a minimum of 40% of the capital in investments and expansion plans in companies outside of Brazil and Argentina. The Yield Lab presents differences and a value proposition that permeate much better in sub-regions that have not yet received support from other actors for an efficient, sustainable transition. The Yield Lab has offices in Mexico, Chile, Argentina, and Brazil, resulting in a portfolio that is not monopolized by South American countries, like Brazil or Argentina. In this way, it also complements players such as SP Ventures, which despite being regional do not accomplish a balance portfolio outside of Brazil.

Investment Strategy: TYLL is a Regional Fund investing in high-impact opportunities in the Ag&Food Tech sector. The Fund will invest in 20-30 of the most promising very early-stage startups in the region that address the most significant challenges in the industry. The Fund will focus on a critical phase for early-stage companies with most of the portfolio from seed rounds (average tickets of US$ 250k) and complementing with series A and B (average tickets of US$ 1 million-1.5 million). The decision to build a portfolio offering these ticket sizes is to complement the innovation ecosystem, with The Yield Lab acting as an accelerator and supporter of these early-stage startups hand in hand with other actors, such as SP Ventures, whose role is in more mature stages of investments. The Yield Lab offers smaller ticket sizes and mentoring to support each startup for escalation and preparation for regionalization and growth to other markets. The Yield Lab offers smaller tickets than other Funds investing in ag&food[4] in addition to mentoring and support for later growth stages. This approach results in a different portfolio complementary to other Funds and stakeholders supporting innovation scalation in Latin America and the Caribbean.

Investment Thesis. The investment thesis starts with the conviction that revolutionizing agri-food offers the opportunity for far-reaching multi-sector impact rippling beyond the agri-food value chain. The food sector is a powerful vector for environmental, social, and economic impact.

Some of the statements directing the investment thesis and investment approach are:

- **Techno optimism.** TYLL believes technology should improve people's lives by increasing efficiency and democratizing access to information and markets.
- **Farmer centric.** Field experience has shown us that farmers and industry incumbents must be the drivers of change, as they know best what problems need to be solved. Medium to large farmers that are characteristic in Brazil and the Southern Cone make up one-third of our LPs. However, moving north towards Central America and Mexico, TYLL committed to empowering more prevalent

smallholder farmers. The Fund believes that with the proper support: economic, educational, and technological, even smallholder farmers can shape and eventually invest in relevant technologies, driving innovation from the grassroots and improving their financial security.

- **Leverage Incumbents.** Transforming the complex food and agriculture value chain requires a systems approach involving diverse actors aligned to achieve a common goal. Because of this, TYLL proposes a convene a breadth of sector players in our farmer-centric networks: from downstream buyers, intermediaries, and financial providers to the farmers themselves, who can put into action a system-wide change.
- **Founder closeness.** The portfolio companies join a global family of Funds. The approach is filling the sector's financing gap and attracting talent, sharing our expertise through coaching and mentorship, and opening access to our international network.
- **Mentoring beyond financing.** With each startup, the Fund applies a hands-on approach, from creating and sitting on advisory boards to helping build additional business models on top of our invested companies to capture transactional volume better and monetize ClimateTech, WorkerTech, and FinTech opportunities.
- **Gender approach:** YLL will seek to have at least 30% of its investment team with women participation, as well as seek to i) support women founders through financial and non-financial resources; ii) promote the participation of women in key roles in invested companies; iii) promote efforts to encourage the participation of more women in the VC industry.

Investment criteria: The Fund preliminarily uses the following main criteria in the analysis of potential investments:

- Entrepreneurial team: Team with experience, complementary skills, diverse profiles, integrity, drive, and ability to teamwork.

- Traction in the market: Validation of the product in the market.

- Development and differentiation of the product or service: Innovation of the product or service, competitive environment, differential factors in the short, medium, and long term.

- Internationalization and scale potential: Business model, market size, buoyant unit economies for internationalization and for scale.

Innovation Sectors and Disruption Verticals in the sector: In LAC, investments can be channeled to multiple verticals in the broad agro-food sector. YLL will consider the following key variables to assess the relevance of innovations. In this sense, the Fund will focus and prioritize some verticals and innovation sectors according to the target geography.

- Challenges and critical needs addressed by innovations in agrotechnology.

- Economic relevance and competitiveness of the subsectors throughout the value chain.

- Productivity gaps (global and intraregional) in food systems.

- Local innovation variables: i) Environment and Climate, ii) Consumers (demand), iii) Producers of the sector (supply), iv) regulations and public policy.

- There is a convergence of technologies, including Healthtech, Biotech, CleanTech, and Fintech, which are revolutionizing the agro-food sector. Technological advancement will be an essential driver and facilitator of innovation in the sector. The Project pretends to invest in categories related to Sustainable food production, Climate change mitigation and adaptation, Social and financial inclusion, and Nutritious, healthy, and safe food as enablers for global environmental benefits minimum as GHG emissions mitigated, chemicals and waste avoided, land under better practices and people benefited directly and indirectly for TYLL portfolio impact.

Strategy for Investment identification and origination: With a regional mapping that owns more than 1000 agtech companies, YLL has created one of the databases of the most diverse agri-food innovation in LAC. The continued visibility of agtechs throughout the sector's value chain will continue to be one of the most critical competitive advantages YLL has as Property Managers Money. YLL has established a two-way approach: outbound and inbound, to identify opportunities.

A. Outbound origination. TYLL will seek opportunities proactively based on prioritizing subsectors of innovation and disruption verticals. The priorities will be analyzed and defined by the management team. TYLL leverages its network of ecosystem partners proactively to improve the visibility of your transaction flow. YLL plans to implement "Deal flow sharing roundtables" among key ecosystem partners following the prioritization of the disruption vectors to each target market. Some examples of allies in the market's objective are Brazil - Agtech Garage association; Southern Cone - Nester's alliance; Andean Region - Startup Chile, Incubatec UFRO, Ruta N, Hub UDEP, Bioincuba, Impaqto (Ecu), Aurus, Alerce VC, Chile Global Ventures and Digevo; Mexico - Bluebox, Redwood ventures, Jaguar ventures, Allvp. And the project will expand its allies and local partners in Central America under this project. Or in Central America: CAPCA, Solidaridad Network, Swisscontact or IFAD (Guatemala), IICA and CRUSA (LAC y Costa Rica), and many more.

B. Inbound origination. Although the manager's experience shows that the most suitable opportunities to invest come from your work from ecosystem building origination, scouting efforts, and referrals, TYLL expects to receive a stream of transactions from other sources, such as calls for calls, social networks, and websites.

Pipeline. YLL has a pipeline of more than 50 companies that have been evaluated or are currently being evaluated after reviewing more than 350 companies at a regional level and with the mapping of more than 1,000 opportunities. From the list, a short list of approximately 20 companies is currently in the prospecting stage to start the proceedings.

Value proposition: YLL builds value in the ecosystem by driving regional innovations that address the sector's key challenges to produce a positive impact. Starting from macro trends, identifying disruptive technologies and innovative models throughout the value chain and verticals that meet the challenges of productivity, sustainability, and inclusion. YLL leverages mainly serious business, networking expertise, market intelligence, and investment in agri-food in the region as a source of competitive advantage to add value to companies and investors.

- A Scale Up program equips startup founders with critical strategic and operational capabilities to grow. Built from the professional investor's perspective, the approach of YLL Capacity Building helps startups close their businesses gaps to scale their business. YLL has the program in four dimensions (revenue, product, talent, and investors) and groups the capabilities into eight sets, each containing a group of crucial deliverables (tools with an impact on the operation of the company) that will be developed throughout of the program, both at the strategic and performance level. The more important thing they gain from the program is to help new businesses transition from a local presence to a regional presence, usually inside on a 12- to a 24-month growth trajectory, taking them from startups in the initial stage up to validated Series A companies[5]. Two other programs also provide visibility into the performance of YLL's portfolio companies: a) The Gateway program connects portfolio companies with corporations established in the sector and producers to generate business and create awareness. b) The exit program (exits) (still in its early stages of implementation) connects portfolio companies with potential investors and acquirers.

- Participation in the board of directors of companies: In most cases, the Fund manager will have active participation in the board of directors of the portfolio companies to (i) attract and retain talented team members in? management; (ii) act as a mentor to the executive team; (iii) provide information about the market advice for future fundraisers; (iv) undertake performance monitoring; (v) identify obstacles to progress; and (vi) supervise and promote fiscal, legal, and ethical governance regulations.

Exit Strategies: YLL has run a granular study on exit events liquidity for the global agtech market and LAC. The Fund anticipates that the main opportunities to provide liquidity to the Fund's investors will be through acquisitions by strategic or financial investors and secondary offers, and in very exceptional cases, through

the offer's initial public. YLL may eventually benefit from equity rounds of subsequent portfolio companies, in which new investors seek to consolidate their position. YLL identified four types of acquirers' potential: the leading players in the ag&food industry (e.g., Bayer, Syngenta, BASF, etc.); private equity funds (private equity) with strategies of consolidation; global agro-tech platforms, and industry giants' technology (e.g., Google for data or Amazon for supply chains). As part of risk management in this topic, the management team anticipates and has mapped various options for outlets for the Fund's future investment portfolio. These include mainly: i) strategic exits by major players in the agricultural sector foods that are the most active buyers of agtechs and, with each increasing interest in the region, wanting to consolidate its position and access to producers; ii) private equity firms that have so far been limited in the agrotechnology sector but which is changing due to the development of the technology and maturity of adoption in the sector; iii) global agricultural platforms technology seeking to consolidate their positions including acquisitions regional solutions; iv) tech giants who are looking to enter the agri-food sector. From the inception of the Fund, interest will be connected to potential buyers and future investors, taking advantage of the network of YLL's regional and global connections.

Knowledge management/ systemic approach. Another important part of the proposed project to accomplish its objective is the knowledge management. The Yield Lab strategy establishes a systemic approach to scale-up startups offering a solid platform for elaboration and dissemination of ag&food tech related knowledge products (please refer for more detail to "Knowledge Management section"). The educational program and related activities cover topics such as i) tech adoption models and scale-up of tech solutions in food systems; ii) gender and excluded populations in Agtech; iii) convergence of Agtech and Fintech models; iv) climate resilience best practices. Coordination between TYLL and IDB Lab will offer knowledge dissemination to strengthen the innovation ecosystem and support stakeholders working in VC Funds. In the same way, understanding in further detail the global environmental benefits related to the portfolio will be a platform for identification of barriers and knowledge gaps needed to fill over the project execution process. This added value, is part of lessons learned, as a not fully developed innovation sector, ag&food ecosystem, needs to grow and get stronger and specialized. For this reason, actions accompanying the strengthening and maturation of the innovation ecosystem will accelerate and promote efforts for a greater and faster impact in the region.

Differences and complementing roles between The Yield Lab Latam and SP Ventures

1. The Yield Lab is an accelerator complementing the ecosystem. The growth process of innovation strategies is a process that requires a network of support actors aligned and working collaboratively. In Latin America, in the last decade, innovative ventures have flourished with the possibility of materializing models that reduce the negative environmental impact of food systems hand in hand with inclusive development. The Yield Lab takes a complementary space in the process, acting as an accelerator and supporter of these early-stage startups hand in hand with other actors whose role is in more mature stages. Therefore, besides the value proposition, The Yield Lab offers smaller ticket sizes and mentoring to support each startup to grow and mature and subsequently tap into regional markets and implement solutions at a larger scale. The Yield Lab will offer tickets with an average of USD 250K and up to USD 1.5 million, in addition to mentoring and preparation for later scalation stages, in difference to other actors focused on food systems, like SP Ventures, and other Latam Funds, offering tickets starting at USD 750, representing a ticket size more adequate for more mature startups, innovations, and portfolio characteristics. Therefore, the Yield lab plays an important complementary role vis-a-vis SP Ventures. Together, they will support startups from their very inception to providing solutions at scale at a regional level.

2. The Yield Lab emphasizes on sub-regions not covered by other regional Funds. This proposal has a regional approach like other Latin American stakeholders; however, The Yield Lab presents differences and a value proposition that permeate much better in subregions that have not yet received support from other actors for an efficient, sustainable transition. The Yield Lab has offices in Mexico, Chile, Argentina, and Brazil, resulting in a portfolio that is not monopolized by South America, as usually happens due to innovation development in countries like Brazil. This means that there is complementarity with players such as SP Ventures, which despite being regional, have higher resistance to achieving balance in their portfolio and financing actors outside of Brazil. Due to contextual realities such as the COVID-19 pandemic and offices

based in Brazil, the proposal of The Yield Lab therefore seeks to respond to the need of the startup ecosystem of regions such as Guatemala, Costa Rica, Honduras, and others typically left aside in the investment portfolio. Furthermore, The Yield Lab defines priorities in each subregion in Latam, for Central America and the Caribbean, solutions for intensive crops such as fintech, traceability, logistics solutions, or water and irrigation systems; for South America, solutions for livestock, broad farming, bioenergies, food and beverages, and raw crops, as data analytics, insurance solution, or sustainable proteins; or South Cone, solutions for permanent crops and fisheries and aquaculture, like labor technologies, biologicals, digital aquaculture, geolocalization or sustainable feed./ To mention some of the possible innovation subsectors to support startups.

3. Systemic Approach. YLL builds value in the ecosystem by driving regional innovations that address the sector's key challenges to produce a positive impact. Starting from macro trends, identifying disruptive technologies and innovative models throughout the value chain and verticals that meet the challenges of productivity, sustainability, and inclusion. Additionally, as part of the strategy, YLL leverages mainly serious business, networking expertise, market intelligence, and investment in agri-food in the region as a source of competitive advantage to add value to companies and investors. This approach means continuous analysis and contact with different stakeholders and levels of the innovation ecosystem to identify possible barriers and to work jointly to solve main issues limiting the ecosystem's capabilities to scale and regionalize impact opportunities at each startup part of the Fund portfolio. This is not common in other VC Funds in Latam, like SP Ventures, which actions are concentrated in support directly in the startups, and not the ecosystem. Last years, the Fund managers developed several actions to build strategic allies and support in the innovation ecosystem of less developed regions like Central America:

1. Since 2022, YLL has supported IICA in joint actions in Costa Rica and the region. Within the framework of this collaboration, last year and this year, we were strategic partners of the "IICA Digital Agriculture Week" (you can see the document resulting from the 2022 work meeting here).

2. Since 2022, we have held regular brainstorming sessions with IFAD and FAO (Headquarters in Rome). The purpose of these meetings is to monitor the situation of the AgriFoodTech ecosystem in Central America and propose specific work actions for FAO and IFAD in the region.

3. Within the framework of cooperation with FAO and IFAD, in 2022, we were part of the organization of the event "Round Table Opportunities to accelerate the digitalization of the agricultural sector in the countries of Central America and the Caribbean," and we are currently helping to design the strategy of the plan that IFAD will apply in the region during 2023-2024.

4. Hand in hand with the FAO Office of Science and Technology in Chile, in 2022, YLL conducted an exploratory study on technological adoption by small farmers in LAC. In this context, we chose Guatemala as one of the study countries, which allowed us to make contact and address the challenges and opportunities of AgriFoodTech in this country (this exploratory study is the internal management of FAO, but if you wish to request authorization to share some ideas with you). The Yield Lab is interested in continuing to support ecosystem actions in Central America in 2023 with already allies and expanding ecosystem connections with other vital institutions in the region.

GEF + IDB Lab Additionality. GEF's investment ($6 Million) into the Yield Lab Latam Fund will be the critical catalytic capital needed to cushion and trigger the additional investments to Fund and launch YLL fully. And in doing so, provide essential investment and technical assistance to SMEs focused on climate-smart innovation in Latin America, working towards supporting critical SDGs, environmental benefits, and countries' National Determined Agreements for the Paris Agreement. In addition, IDB Lab is investing US$ 4 million in the Fund as part of the co-finance for GEF.

- GEF's investment will be fundamental in leveraging additional investors to co-finance alongside their investment. Many investors are willing to invest in the region and be part of efforts to strengthen and consolidate sustainable value chains in the agriculture and food sectors and join forces with the GEF, increasing their appetite to invest in the region through the Yield Lab Latam Fund. GEF as an investor is highly valuable and a stimulus for opportunities for connection to more significant and long-term financing aligned

with the impact thesis, resulting in scalability and greater scope for the Fund and the companies that are part of the Fund. This is directly an acceleration of growth and impact. It is an opportunity to grow further and be complemented by additional capital and partners with interest in the same impact results and capital structure, adding to the size and diversity of the assets backing the Fund and creating a virtuous cycle of growth, impact, and diversification.

- The GEF investment requirements makes the establishment of measurement methodologies for impact indicators of GEBs necessary, enabling the identification of undertakings with a catalytic capacity to generate a more profound impact throughout LATAM and in the short-term advance supporting the best startups that contribute to the impact objectives.

- The accompaniment and support to the Fund in structuring the project with GEF simultaneously promotes a process of professionalization and maturation in environmental issues that reinforces the consolidation and growth of each undertaking within the Fund.

-The project and GEF financing will make it possible to support the innovation ecosystem in all LATAM regions, not only the developed countries, resulting in real action for inclusive development.

- Integrated impact efforts. Having a GEF investment and going through the project design phase will enable the Fund to go deeper into the impact goals. Agtech, foodtech, and climate tech are huge sectors, and GEF alignment in the project decreases the risk of a portfolio being too broad and not intentional. To understand the relationship between each of the startups conforming the portfolio with the bigger picture in each project focal area related to GEF impact. The GEF process will help the Fund to be more intentional inside the investment sectors in the portfolio to have a more significant impact in the 10 years project and after the project's long-term potential impact.

- Also, the GEF investment requirements guide The Yield Lab to establish a measurement system and develop measurement under standardized methodologies for impact indicators of GEBs. This rationale will create capabilities in the Fund to keep executing them for this and other impact funds worldwide. The accompaniment and support to the Fund in structuring the project with GEF simultaneously promote a process of professionalization and maturation in environmental issues that reinforces the consolidation and growth of each undertaking within the Fund.

- A third additionality arises from the opportunity to have an open channel in two directions, such as reports and evaluations, among others. Over the next 10 years, global challenges, focus priorities, specific needs, market behavior; multiple variables will change and evolve, and have the support of GEF, an actor who is at the center of the conversation and decision-making to guide the process, but also to transmit from the background the challenges, needs, and behavior of the market and the private sector facing these challenges.

IDB Lab, participating as a co-investor, will provide tools and strategic advice to support TYLL in maturing its capacities to achieve higher impact, which is essential to accomplish the objectives of the GEF project proposed. Part of IDB’s additionality is:

- Gender and diversity. IDB Lab will support the Fund manager to incorporate a gender and diversity lens to investments, both at the management (diverse representation in instances of governance, gender, and diversity policies) as well as at the company level of the Fund, providing tools and strategic advice.

- Connections and knowledge. IDB Lab will support TYLL's interest in strengthening the ecosystem with its structures, network, expertise and knowledge.

- IDB Lab teaming with GEF will help TYLL mature the necessary capabilities for higher environmental benefits.

- Governance, Environmental, and Social Sustainability. As a member of the Advisory Committee, IDB Lab will promote and monitor the adoption of good corporate governance practices of the Fund and the implementation

of an Environmental and Social Management System (SGAS) aligned with the Environmental and Social Performance Standards of the IDB.

[1] **Fundraising is an important part of the growth journey of each startup. These fundraising rounds allow investors to invest money into a growing company in exchange for equity/ownership.The initial investment—also known as seed funding—is followed by various rounds, known as Series A, B, and C.A new valuation is done at the time of each funding round.**

[2] **Source: LAVCA's 2021 Review of Tech Investment in Latin America Report**
[3] **GHG emissions mitigated are the sum of 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector 10,990,400 tCO2 (20 years), and 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector 824,719 tCO2 (10 years), 1,649,438 (20 years).**
[4] **For example, SP Ventures offers tickets starting at US$ 750 thousand.**

[5] **Fundraising is an important part of the growth journey of each startup. These fundraising rounds allow investors to invest money into a growing company in exchange for equity/ownership. The initial investment—also known as seed funding—is followed by various rounds, known as Series A, B, and C.A new valuation is done at the time of each funding round.**

Coordination and Cooperation with Ongoing Initiatives and Project.

Does the GEF Agency expect to play an execution role on this project?

No

If so, please describe that role here. Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and/or sharing of expertise/staffing

The IDB Lab, has vast experience in helping to design and participate in investment vehicles. During the last 30 years, the IDB Lab has invested in nearly 80 investment VC Funds, of which around 50 are still active, covering Latin America and the Caribbean. This experience and IDB Lab's collaborative relationship with fund managers gives IADB a comparative advantage over other regional development agencies in overseeing and successfully implementing investment vehicles like The Yield Lab.

The Yield Lab complements other VC Funds in IDBs Portfolio, including AgVentures II/SP Ventures, which received US$ 5 million in equity funding from the GEF under GEF-7. As described in the Project Rationale section, The Yield Lab, fills a gap in the innovation ecosystem, supporting a sort of incubator with a geographic focus different from the rest of VC Funds investing in food system innovations. Other Funds that are part of IDB Labs portfolio in partnership with GEF are EcoEnterpises Funds, all of them part of the IDB Lab efforts to encourage Funds in their impact and interest in global environmental benefits as impact results.

Core Indicators

Indicator 3 Area of land and ecosystems under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
0	0	0	0

Indicator 3.1 Area of degraded agricultural lands under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.2 Area of forest and forest land under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.3 Area of natural grass and woodland under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.4 Area of wetlands (including estuaries, mangroves) under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
13646300	0	0	0

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.2 Area of landscapes under third-party certification incorporating biodiversity considerations

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
13,646,300.00			

Indicator 4.4 Area of High Conservation Value or other forest loss avoided

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.5 Terrestrial OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

Documents (Document(s) that justifies the HCVF)

Title

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	12639838	0	0	0
Expected metric tons of CO_2e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	10,990,400			
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting	2025			
Duration of accounting	20			

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	1,649,438			
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting	2025			
Duration of accounting	20			

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)

Indicator 9 Chemicals of global concern and their waste reduced

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
5,226.00	0.00	0.00	0.00

Indicator 9.1 Solid and liquid Persistent Organic Pollutants (POPs) removed or disposed (POPs type)

POPs type	Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

Indicator 9.2 Quantity of mercury reduced (metric tons)

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)

Indicator 9.3 Hydrochloroflurocarbons (HCFC) Reduced/Phased out (metric tons)

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
0.00			

Indicator 9.4 Number of countries with legislation and policy implemented to control chemicals and waste (Use this sub-indicator in addition to one of the sub-indicators 9.1, 9.2 and 9.3 if applicable)

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
0			

Indicator 9.5 Number of low-chemical/non-chemical systems implemented, particularly in food production, manufacturing and cities (Use this sub-indicator in addition to one of the sub-indicators 9.1, 9.2 and 9.3 if applicable)

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
0			

Indicator 9.6 POPs/Mercury containing materials and products directly avoided

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
0.00			

Indicator 9.7 Highly Hazardous Pesticides eliminated

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
5,226.00			

Indicator 9.8 Avoided residual plastic waste

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
0.00			

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	81,000			
Male	189,000			
Total	**270,000**	**0**	0	**0**

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

The methodology for the indicators is guided by the "GEF guidelines on the implementation of the GEF-8 results measurement framework" and takes lessons learned and experiences from past and present projects, such as Agventures, into consideration. The IDB Lab and YLL put great emphasis on estimating global environmental benefits according to the design, investment, and impact thesis of the project. The global environmental benefits estimations result from key assumptions, definitions, and considerations for each core indicator. The project design, investment, impact thesis, and the specific tech innovations were part of the considerations to support the calculations, in addition to formal reports from FAO, World Bank, and IPCC, among others. Some references for these calculations were the Guideline on GHG accounting and Reporting, IDB publication GHG Accounting Material and GCF Methodology for GHG emissions.

The Yield Lab is following a top-down approach using formal sources such as IPCC, FAO and World Bank, among others. This will be complemented by a bottom-up strategy using the startups currently in the portfolio, the agri-technology innovation verticals, and the impact indicators. YLL is designing an impact model for decision-making and prioritization of technological innovations in order to achieve the expected impact at the end of 12 years. A matrix was designed to find the intersections between the verticals of technological innovation, the impact and its indicators. Likewise, the model identified the relationship between different positive outcomes of the portfolio and its possible contribution to the Global Environmental Facility. These estimations will be developed in the next GEF phase under specialized technical supervision and will be presented to GEF to validate them.

The portfolio considers 12 agri-technology innovation verticals: 1. Crop Genomics and Protection Nutrition tech, 2.Novel Farming Systems, 3. Farm Management & Information & Education Services, 4. Farm Mechanization & Automation, 5. Big Data & Precision Farming, 6. AG Platforms for trading, outsourcing & finance, 7. Bioenergy, Biomaterials & other renewables, 8. Supply chain Tech, 9. Food Processing Technologies, 10. Innovative feed, food, and beverages, 11.Tech for restaurants, Food retail, and 12.Tech-based Sales channels. For further detail, please see an illustrative example of the matrix in the Addendum I Impact Model.

Nevertheless, understanding the complexity of these calculations, further verification will be undertaken for CEO endorsement. A specialist in environmental benefits will verify the GEB calculations and their projections over time, including the scaling projections. For this verification process, standardized methodologies, such as the GEF Guideline on GHG accounting and Reporting, the IDB publication on GHG Accounting Material, and the GCF Methodology for GHG emissions will be used, complemented by other environmental benefits calculations according to the agri-technological innovations targeted in the portfolio.

Following, you can see the specific calculations for each indicator:

Indicator #4.

4.3 Area of landscapes under sustainable land management in production system. First of all, The Yield Lab defines "sustainable land management" as: (i) As farming areas which apply a combination of different farming practices and/or technologies that result in soil conservation and restoration, reduced use of chemicals, improved management of water resources, protection of biodiversity and increased resilience against climate change. And, ii) These farming practices include no till, cover crops, crop rotation and variable planting and fertilization. Technologies include the application of precision agriculture tools, the use of biobased crop protection and crop nutrition products, and optimized farm labor, as well as precision irrigation solutions, among others.

The calculations follow these assumptions:

i) It starts by considering the number of micro, small and medium-sized farms/growers estimated to benefit from agtech solutions provided by portfolio companies.

ii) The beneficiaries include all those micro, small and medium-sized farms/growers that are expected to be users/clients of the solutions offered by the fund's portfolio companies.

iii) It includes productivity-increasing AgTech solutions and climate-resilience AgTech solutions, which are considered to enable sustainable land management.

iv) It considers the area that these farmers operate, and we estimate which of that area may be effectively under sustainable land management as described herein.

v) We assume that the fund will invest in 27 companies across the broad AgriFoodTech space.

vi) We assume that 70% of those companies will provide solutions to the agriculture sector, particularly for farming activities.

vii) We assume that 50% of them will deal with corporate clients (with multiplication factor on indirect beneficiaries) and 50% will deal with micro, small and medium-sized farms/growers (not exclusive).

viii) We assume that those dealing with micro, small and medium-sized farms/growers can reach 5,000 users along the lifetime of the fund.

ix) We assume that those dealing with corporates, will have at least 10 corporate clients and with a factor of 2,000 indirect beneficiaries each).

x) We assume a gradual growth to the target on Year 10.

Calculations:

Total number of direct beneficiaries: 236,250 (out of a total of ~15 Million small farmholders in Latin America and the Caribbean).

Average farm size in hectares: 165 Estimation based on a series of research reports (considering the mix of extensive and intensive farm operations and the spectrum of farm sizes across countries of Latin America and the Caribbean, with adjustments based on the fund's target geographic mix).

Percentage of area effectively under sustainable land management: 35% |It is assumed that for different factors, only a third of the area is effectively under sustainable land management.

Projection along the fund's lifetime (assuming Year 1 is the first full year after the final closing):

For Year 1, thinking a 10% project impact = 23,600 farmers, for a Total Area of 3,894,000 and an Effective Area of 1,362,900.

For Year 5, with an advance of 50% = 118,100 farmers, for a Total Area of 19,486,500 and an Effective Area of 6,820,300.

At the end of the project at t=year 10 it is expected 236,300 farmers, for a Total Area of 38,989,500 and an Effective Area of 13,646,300.

Indicator #6.

For the GHG emissions mitigated, sub-indicators 6.1 and 6.2 were considered. See detail below.

About the current estimation for 6.1 and 6.2, the project is based on the following calculations:

6.1 Carbon Sequestered or Emissions Avoided in the AFOLU sector.

a. Definition and criteria considered for The Yield Lab Latam Opportunity Fund:

- Solutions that allow carbon sequestration and/or that allow avoidance of emissions including (specified in other sections the specific)

- We are aware that many of the solutions we will invest in will help to drive more sustainable farming practices which can allow for carbon sequestration in the soil. We have included an initial estimate to account for a conservative impact on this area.

- For this high-level estimation, we are considering the current emissions from agriculture, but we do not project the evolution of the total emissions over lifetime.

b. Key initial assumptions:

- Total greenhouse gas emissions (Tons of CO2 equivalent) - Latin America & Caribbean (3,237,160,000)

- Proportion of emissions from agriculture and livestock, and land use (47%)

- Total agriculture and livestock activities and land use greenhouse gas emissions (tons of CO2 equivalent) – Latin America and the Caribbean (1,521,465,200), of which the portion attributed to changes in land use and forestry activities is 45% and the portion attributed to agriculture and livestock activities is 55%.

Calculation:

Total agriculture greenhouse gas emissions (Tons of CO2 equivalent) Latin America & Caribbean.

1) Carbon sequestration through sustainable agriculture land management

Considering the number of hectares under sustainable land management in production systems, multiplied by the potential tons of CO2eq/ha that are sequestered over the baseline per year based on the sustainable land management practices by portfolio innovations. (3,411,575 tons of CO2 equivalents)

2) Replacement of chemical inputs (insecticides, pesticides, fertilizers) with biological inputs or biofertilizers.

For this, the total agriculture greenhouse gas emissions (tons of CO2 equivalent) - Latin America & Caribbean, were considered, multiplied by % of CO2eq emissions coming from synthetic fertilizers (% of agriculture and livestock CO2eq emissions). The result is then being multiplied by a high level estimation on the potential reduction impact that solutions can have on these emissions, and by a high level estimation on the potential that the fund's portfolio companies can capture of this reduction. The result is 652,709 tons of CO2 equivalents.

3) Livestock methane reduction (enteric fermentation)

This is the result of % of CO2eq emissions coming from enteric fermentation (% of agriculture and livestock CO2eq emissions), multiplied by High level estimation on the potential reduction impact that solutions can have on these emissions, and by High level estimation on the potential that the fund's portfolio companies can capture of this reduction. The result is 1,405,834 tons of CO2 equivalents.

4) Optimization of machinery used in farming.

For this, total agriculture greenhouse gas emissions (Tons of CO2 equivalent) - Latin America & Caribbean, were considered, multiplied by % of CO2eq emissions coming from agriculture machinery in the farms (% of agriculture and livestock CO2eq

emissions) from the potential innovation in the startups. This was multiplied by a high level estimation on the potential reduction impact that solutions can have on these emissions and a high level estimation on the potential that the fund's portfolio companies can capture of this reduction. Result (25,104 tons of CO2 equivalents).

From all these calculations, it was possible to estimate the total projected carbon sequestration and/or emissions to be avoided (tons of CO2eq per year) of 5,495,200. (10 years), and 10,990,400 projected to 20 years. Assuming Year 1 is the first full year after the final closing and a growing level year by year.

6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector.

a. Definition and criteria considered for The Yield Lab Latam Opportunity Fund:

i) We consider solutions that allow carbon sequestration and/or that allow avoidance of emissions including:

- Reduction in food and agriculture supply chain emissions (i.e. optimization of production transportation outside the farm gate).

- Upcycling of biomass and production of bioenergies.

- Reduction of foodwaste.

b. Key initial assumptions:

- Total global greenhouse gas emissions (Tons of CO2 equivalent) from agriculture and livestock and agriculture land use. (10,700,000,000)

- Total agriculture and livestock activities and land use greenhouse gas emissions (Tons of CO2 equivalent) - Latin America & Caribbean. (5,800,000,000) multiplied by the proportion to estimate emissions from Latin America agrifood systems (54%)

-The high-level estimation of the potential reduction achieved by the fund is the result of the estimated emissions from Latin America agrifood systems (824,719,454), multiplied by the potential impact that target solutions can have on these emissions (5%), and then multiplied by the % of the potential impact that can be achieved by the fund's portfolio companies (2%) to get as a result a high level estimation of the potential reduction achieved by the fund (824,719), and then projected to 20 years (1,649,438).

Indicator #9.

Reduction, disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials, and products (metric tons of toxic chemicals reduced).

For this estimation, a summary of the Definition and criteria considered were a. Definition and criteria considered for The Yield Lab Latam Opportunity Fund: i) We consider biological products (specifically biopesticides) that can replace the use of synthetic crop pesticides. Furthermore, some key assumptions are a) Total pesticides used in agriculture in Latin America and the Caribbean per year of 871000 Tons per year. b) The percentage of that volume that may shift to biological pesticides in the next ten years is a 20%, c) The Equivalent amount of chemical pesticides that will be replaced by biological pesticides is 174,200 tons per year. Furthermore, the portion of the volume replaced that farmers will consume by applying solutions of funds portfolio companies is 3%, and the Projected volume of chemicals pesticides replaced thanks to the solutions offered by the Fund's portfolio companies are 5,226 Tons. The projection responds along the Funds lifetime (assuming year 1 is the first full year after the final closing), starting with 10% of the impact and increasing to 100% by year 10.

Indicator #11.

Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment. For this indicator, it was considered: 1) Definition and criteria considered for The Yield Lab Latam Opportunity Fund: i) We consider the number of micro, small and medium-sized farms/growers estimated to benefit from agtech solutions provided by portfolio companies. ii) This universe of

beneficiaries includes all those micro, small and medium-sized farms/growers that are expected to be users/clients of the solutions offered by the Fund's portfolio companies. iii) This includes productivity-increasing AgTech solutions and climate-resilience AgTech solutions, which are considered of high impact. We also include other AgTech solutions which can improve the production and working conditions of this universe of beneficiaries. And 2) Key assumptions i) We assume that the Fund will invest in 27 companies across the broad AgriFoodTech space. Ii) We assume that 80% of those companies will provide solutions to the agriculture sector. iii) We assume that 50% of them will deal with corporate clients (with multiplication factor on indirect beneficiaries) and 50% will deal with micro, small, and medium-sized farms/growers (not exclusive). iv) We assume that those dealing with micro, small, and medium-sized farms/growers can reach 5,000 users during the lifetime of the Fund. v) We assume that those dealing with corporates will have at least ten corporate clients with a factor of 2,000 indirect beneficiaries each). vi) We assume a gradual growth to the target in Year 10.

[1] Estimation based on a series of research reports (considering the mix of extensive and intensive farm operations and the spectrum of farm sizes across countries of Latin America and the Caribbean, with adjustments based on the Fund's target geographic mix).

[2] We assume that for different factors, only a third of the area is effectively under sustainable land management.

NGI (only): Justification of Financial Structure

Please describe the financial structure and include a graphic representation. This description will include the financial instrument requested from the GEF and terms and conditions of the financing passed onto the Beneficiaries.

The proposed project is applying for GEF finance, through an equity investment in The Yield Lab Latam Fund of US$ 6 million.

The Project will finance a portfolio of crucial and early-stage tech-based startups supporting decarbonized and sustainable food systems as enablers for high impact in climate change mitigation, adaptation, and restoration through a systemic approach throughout the value chain. To this end, the Project will invest in the new YLL Fund (

Risks to Project Preparation and Implementation

Summarize risks that might affect the project preparation and implementation phases and what are the mitigation strategies the project preparation process will undertake to address these (e.g. what alternatives may be considered during project preparation-such as in terms of consultations, role and choice of counterparts, delivery mechanisms, locations in country, flexible design elements, etc.). Identify any of the risks listed below that would call in question the viability of the project during its implementation. Please describe any possible mitigation measures needed. (The risks associated with project design and Theory of Change should be described in the “Project description” section above). The risk rating should reflect the overall risk to project outcomes considering the country setting and ambition of the project. The rating scale is: High, Substantial, Moderate, Low.

Risk Categories	Rating	Comments
Climate	Moderate	Sensitivity to climate change and its impacts are part of the investment analysis process. A Risk management system is part of the Fund and of growing capacities in the startups. As the Fund's objective is to help farmers (via the

		technologies and services to be provided by the Fund's portfolio companies) reach a better degree of climate resiliency, the Fund's strategy considers climate threats to global food production, from farm gates to the rest of the supply chain. The Fund will apply climate risk analysis in the selection process and balance risk appetite and levels to secure high-impact and good financial results, enabling scalation and regionalization. Furthermore, climate mitigation measures will be part of each startup, and mentoring from the Fund be accordingly top each startup's characteristics.
Environment and Social	Low	The startups financed by the Fund will develop innovative technical solutions that would decrease the intensity of use of natural resources in agricultural production (especially water, energy, and land), increase climate resilience and enable climate mitigation strategies. The Fund will not invest in food&ag tech startups risking negative environmental impacts. Prior investment, the Fund will undertake rigorous environmental and social screening and evaluation process. Additionally, in executing phase, a strict monitoring structure will measure results indicators.
Political and Governance	Low	The Fund may face difficulties operating efficiently in the target countries where its investments are located if there are material negative changes in their economic and/or political environments. This could affect the appetite for investment, productivity, prices, logistics, operations, valuations, and overall returns. Considerations: The Fund has ten years (plus 2-year extension

		option) to operate and could withstand moderate fluctuations in the operating environment. On average, and except for a few country situations, the political and economic environment in the countries in Latin America has been stable and countries shall continue to improve their regulatory and legal frameworks to attract and expand private investments in their respective countries including in sectors part of the Fund's business model. Some measures to apply to avoid political risks are: 1) Ongoing research and political risk analysis, regular monitoring of local situation and diversification among countries. 2)Engagement with key stakeholders and local agencies that The Yield Lab can engage in each country to identify opportunities in synergy with local context. 3) Possibility of hiring political risk consultancies to provide advisory in critical moments.
Macro-economic	Low	A previous map of opportunities and pipeline identification was part of the planning phase to align the scale of the project proposal. Additionally, different recent research confirms a region with increasing startups in ag&food tech available to experience a growth process. Given its specific focus on technology for agribusiness and food systems, the market dynamics of a sector and dependency on deal-flow and exits in a less mature technology vertical can impact the financial returns of the Fund. Considerations: The Fund manager has vast experience in venture capital investments, a track record, and proven knowledge in the agrotechnology sector, and this Fund counts with a diversification mandate in terms of investment stages, sub-

		verticals, and geographies. However, sectoral concentration risk cannot be fully reduced and could be considered an inherent risk for IDB Lab as an anchor investor in developing this agrotechnology sector.
Strategies and Policies	Low	
Technical design of project or program	Low	As it is common in VC Funds, the portfolio results are a balance of the different startups growth and impact over the years of the project. To secure the best possibilities for successful, the Fund manager will balance the portfolio considering risk level, geolocation, and impact potential between others. Furthermore, the Fund manager experience is in the sector is key to mitigate the risk during the technical design of the project.
Institutional capacity for implementation and sustainability	Low	
Fiduciary: Financial Management and Procurement	Low	
Stakeholder Engagement	Low	To manage possible stakeholder engagement, the Fund manager has developed a previous process mapping the region, understanding the stakeholders, startups, its characteristics, maturity, and potential financial and environmental and social impact. A previous analysis allows to mitigate stakeholder engagement risk from the future investees.
Other	Low	Exit. The exit of investments from early-stage companies constitutes a challenge still widespread in Latin America. It is a risk inherent in venture capital investment funds of failing to achieve sufficient quantity or quality of outputs to achieve the expected returns of the Background.

		Exit risk can be further accentuated in a vertical of less mature technology and contracted by COVID-19. Considerations: The management team anticipates and has mapped various options for outlets for the Fund's future investment portfolio. These include mainly: i) strategic exits by major players in the agricultural sector foods that are the most active buyers of agtechs and, with each increasing interest in the region, wanting to consolidate its position and access to producers; ii) private equity firms that have so far been limited in the agrotechnology sector but which is changing due to the development of the technology and maturity of adoption in the sector; iii) global agricultural platforms technology seeking to consolidate their positions including acquisitions regional solutions; iv) tech giants who are looking to enter the agri-food sector. From the inception of the Fund, interest will be connected to potential buyers and future investors, taking advantage of the network of YLL's regional and global connections. Deal sourcing. A previous map of opportunities and pipeline identification was part of the planning phase to align the scale of the project proposal. Additionally, different recent research confirms a region with increasing startups in ag&food tech available to experience a growth process. Given its specific focus on technology for agribusiness and food systems, the market dynamics of a sector and dependency on deal-flow and exits in a less mature technology vertical can impact the financial returns of the Fund. Considerations: The Fund

		manager has vast experience in venture capital investments, a track record, and proven knowledge in the agrotechnology sector, and this Fund counts with a diversification mandate in terms of investment stages, sub-verticals, and geographies. However, sectoral concentration risk cannot be fully reduced and could be considered an inherent risk for IDB Lab as an anchor investor in developing this agrotechnology sector. Currency risk. The Fund will be established and operated in US dollars, but it is possible that a part of the income generated by the companies of the portfolio is in local currency, which poses a currency mismatch between the investment and reimbursement. Considerations: This risk cannot be fully mitigated due to the high cost of coverage of currencies in an early-stage Fund. The Fund has a 10-year horizon and a regional strategy. The Fund managers will invest in companies with the potential for high growth and international expansion, which may generate returns sufficient to offset potential losses in the event of local currency depreciation.
Financial Risks for NGI projects	Moderate	The Fund Manager has vast experience with similar investments through previous Funds. The portfolio will diversify performance risk. The distribution of the collective performance of the Venture Capital Fund investment portfolio rather than following the typical bell curve distribution, it follows the power-law curve distribution in which a few of the companies would drive the performance of the Fund with several companies contributing little or failing. Hence, the performance of a

		VC Fund is always skewed by a reduced number of companies part of the investment portfolio. It is expected that given the size of the Fund, its geographic scope and growth market potential, only a handful of companies would drive the performance of the Fund.
Overall Risk Rating	Low	All projects' risks identified are part of the design and considered in the risk management plan. No risks identified put in danger the achieving of the project goals.

C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

Describe how the proposed interventions are aligned with GEF- 8 programming strategies and country and regional priorities, including how these country strategies and plans relate to the multilateral environmental agreements.

Confirm if any country policies that might contradict with intended outcomes of the project have been identified, and how the project will address this.

For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), please identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and explain how. (max. 500 words, approximately 1 page)

The objectives of The Yield Lab Latam Fund and the Outcomes set out in the RF are aligned with multiple GEF Focal Areas and Impact Programs. TYLL Fund will deploy investment into a high-impact portfolio promoting sustainable and inclusive development strategies.

Climate Change Focal Area. As explained above in other sections, The Yield Lab Latam Fund investments will mitigate drivers of GHG emissions and deforestation in Latin America's landscape in activities related to food systems. It will include a sustainable, intensified caption, climate-smart and regenerative agriculture, aquaculture, livestock, and many other activities related to the food sector. As a result, the investments of the TYLL will demonstrate the viability of sustainable business models that contribute to reducing deforestation and provide options for more efficient and environmentally responsible practices, with potential for scaleup, therefore contributing towards GEF's Climate Change Focal Area.

Precisely, the project is directly aligned with pillar I, promoting innovation, technology development and transfer, and enabling policies for mitigation options with systemic impacts, and pillar II: fostering enabling conditions to mainstream mitigation concerns into sustainable development strategies. The alignment is mainly through objectives: 1.2. Enable the transition to decarbonized power systems; 1.4. Promote Nature-based Solutions with high mitigation potential; 2.2. Support relevant Convention obligations and enabling activities. The project will provide an opportunity to foster climate-smart agriculture and sustainable land management while also increasing the prospects for food security for smallholders and communities dependent on farming for their livelihoods. Furthermore, restoring agricultural productivity while reducing GHG emissions is critical for countries to meet their NDC goals. It will also foster a sustainable supply chain regarding production, processing, and demand for essential agricultural products that are vital to long-term emissions reductions from agriculture, including avoiding deforestation of tropical forests.

Land Degradation Focal Area. The Yield Lab Latam aligns with GEF's Land Degradation Focal Area, Objectives 1. Avoid and reducing land degradation through sustainable land management (SLM), mainly by climate-smart agriculture, is an approach for transforming and reorienting agricultural systems to support food security by responding to climate change trends in rainfall and temperature patterns to food market disruptions and to the need for avoiding GHG emissions and sequestering carbon in agricultural land use systems. At the same time, portfolio investment startups also work towards increasing farmers' adaptive capacity and resilience and improving resource use efficiency in agricultural production systems. The project will address land degradation challenges in landscapes with a focus on sustainable, regenerative, and nature-positive food production systems for globally essential food crops, commercial commodities, and livestock. It will connect smallholder producers, pastoralists, and small-scale food and agro-processing enterprises to markets and sustainable supply chains, assist with crop and systems resilience and create stable revenues with agricultural commodities.

Chemicals and Waste Focal Area. The Fund will seek investments in biological alternatives and technology innovation, allowing elimination/avoidance and reducing waste and chemical use. The use of chemicals accounts for around 60% of the production costs for Small and Medium Farmers, with other significant and profound environmental negative long-term impacts. In the early stages, new biological solutions involving pest-controlling organisms, micronutrients, probiotics, and many others can lower such costs while preventing over-exposure for plants and humans. In addition, investments in this area will help reduce risks to human health and the environment by reducing and eliminating the production, use, and release of Persistent Organic Pollutants and their waste and sound management of chemicals and global concern. Indirectly, the development of healthier food ingredients and processes and the reduction of waste-intensity of food systems. Innovative food ingredients (e.g., plant-based sources of protein and fiber) and more nutritious food processing techniques (e.g., replacing unhealthy flavoring substances) are part of the innovative solutions part of the 'food tech' sector. Innovative technology/systems will introduce new forms of food security control and less waste-intensive food packaging. As Climate Change and Land degradation, the Chemicals and Waste Focal area is also aligned through the integrated program of Food systems, with a proposal looking to phase out hazardous chemicals simultaneously that builds and scales up options for higher productivity and resource efficiency.

IADB-Country Alignment: The IDB Group supports projects that can mobilize the region to face the challenges posed by technology and the digital revolution and realize its potential as a driver of innovation. The project is consistent with the thematic area of "Climate Smart Agriculture" by promoting increased investment in innovation by companies in the agri-food sector looking for decarbonization and climate adaptation. Furthermore, the project aligns with the IDB Group Strategy with Brazil, Chile, and Argentina, countries where the Fund has its main offices. For Brazil, 2019-2022 (GN-2973) is aligned with the strategic objectives of promoting and improving the economy's competitiveness and increasing the private sector's role by enhancing the quality of the business environment. For Chile, 2019-2022 (GN-2946) is aligned with the strategic objective of increasing investment and productivity improvement. And Argentina, 2021-2023 (GN- 3051) is aligned with the strategic axes of economic recovery and development.

Paris Alignment. The project proposed is aligned with the Paris Agreement and priorities and NDC of the countries where the startups are executing their services and products. Each objective is applied in food systems through the different startups in the portfolio, related to tech-based innovations like smart irrigation, soil diagnosis, biodiversity trackers and traceability, forecasting,

monetization of carbon and water savings, genetics, bioenergy and biomaterials, precision farming, traceability, circular economy models, biotechnology, alternative proteins, regenerative agriculture, and much climate-smart innovation.

These contributions will be demonstrated indirectly through TYLL Outcome Indicators:

1. Mitigate greenhouse gas emissions and increase carbon sequestration in production landscapes.
2. Increase the adoption of innovative technologies and management practices for GHG emission reduction and carbon sequestration.
3. Conserve and enhance carbon stocks in agriculture, forest, and other land use.

NGI-GEF Alignment. The proposed project is highly aligned with the GEF NGI window, as the project demonstrates the application of innovative finance models to combat global environmental degradation. The proposal encouraged partnerships and approaches that may be scaled up and duplicated throughout Latin America and the Caribbean, achieving a high level of co-financing from the private sector, in line with the impact thesis. The private sector involved is considered by this GEF agency as a valuable partner for GEF due to its ethics investment management and ambitious impact thesis.

D. POLICY REQUIREMENTS

Gender Equality and Women's Empowerment:

We confirm that gender dimensions relevant to the project have been addressed as per GEF Policy and are clearly articulated in the Project Description (Section B).

Yes

Stakeholder Engagement

We confirm that key stakeholders were consulted during PIF development as required per GEF policy, their relevant roles to project outcomes and plan to develop a Stakeholder Engagement Plan before CEO endorsement has been clearly articulated in the Project Description (Section B).

Yes

Were the following stakeholders consulted during project identification phase:

Indigenous Peoples and Local Communities:

Civil Society Organizations:

Private Sector: Yes

Provide a brief summary and list of names and dates of consultations

- The project has the following characteristics related to stakeholders' engagement:

- Given that this project, as a private initiative, represents an investment into a venture capital Fund, several stakeholders typically having a prominent role in GEF projects – such as governments and regulatory agencies- in this specific case, will not be involved. In the operations or governance of the Fund, nor in the decision-making regarding the selection of portfolio companies that the Fund will invest in.

        - The Fund's bylaws include a Social and Environmental Policy as well as an Exclusion List based on IADB standards and a commitment and analysis for Paris Agreement alignment.
    - The documents, which will guide the Fund during its due diligence (and operations) process, take into consideration the possible implications that the Fund's investments may have on local communities, indigenous people, and society and the environment in general.
    - The Limited Partners Advisory Committee (which includes a representative from the IDB) is the entity that will make sure that the Fund Manager abides by these policies and guidelines.
    - Members of civil society and local communities – especially local farmers – are the principal clients and potential users of the solutions that portfolio companies will develop. Client/ user needs, and concerns will be an important consideration in the business plans of the portfolio companies, and the General Partner will also assess portfolio companies' response to an impact on clients as part of standard due diligence processes.
    - A summary of how stakeholders will be consulted in project execution, the means and timing of engagement, how the information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement. During execution, the project will interact primarily with three stakeholder groups, as detailed below:

Limited Partners (Private Sector Investors and Multilateral Investors): Limited Partners participate actively in LP meetings that take place on a semi-annual or annual basis, depending on the activity of the Fund. The Fund will be managed by the General Partner with two main governance bodies: (i) Limited Partner Advisory Committee (LPAC) and (ii) Investment Committee (IC). As a Limited Partner (representing the interests of both IDB Lab and the GEF), a representative from IDB Lab will participate in the LPAC and/or IC. Limited Partners, aside from the IADB/IDB Lab, would comprise global agricultural corporates, Latin American agricultural corporates, development financial institutions, private companies, individual investors, family offices from the region, and other organizations that share GEF's and IADB's social and environmental mission.

Portfolio Companies (Private Sector): Companies in which the Fund would invest would benefit from the technical, operational, and corporate governance guidance to be provided by the Fund. The GP's team would participate actively in the operations and governance of the portfolio companies, including as part of their board of directors or advisory committees.

Local Communities - Local entrepreneurs; also, clients of portfolio companies/users of technologies produced by portfolio companies, especially farmers: Local entrepreneurs will benefit directly from the Fund's investment in their companies, allowing them to grow and become

local economic leaders, which should a spill-over effect on their local communities. The interaction between the GP and ultimate beneficiaries would be through the portfolio companies, normally during due diligence and periodic visits to assess the progress of the company and its impact on their clients. The project is expected to contribute to improving livelihoods, environmental outcomes, and climate resilience across Latin America and the Caribbean while also helping develop the food system entrepreneurial ecosystem.

Private Sector. The Yield Lab engages with the private sector in two specific aspects:

I. Investors - There will be a coordinated fundraising effort to mobilize private investors into the Fund. This coordinated effort will target impact investors, family offices, and institutional investors, development banks. GEF participation in the Fund will help commit impact investors

II. Startups – TYLL is a debt and equity Fund that targets private sector entities: innovative startups in food&agtech. It will engage with these mostly privately run businesses, but also farmers, private actors/companies engaged in the value chains that TYLL Fund will target. It will also engage with other private financial sector stakeholders.

GEF's participation, via its NGI window, will serve to leverage the participation of the private sector. The engagement with the private sector in this project, directly and indirectly, will be very active. The purpose of this project, aside from the triple bottom line comprising social, environmental, and financial return, is to serve as a catalytic component for the participation of the private sector. The Fund will invest in private companies. In addition, the private sector will invest (as limited partners) via private entities in the Fund and would share the investment risks/profits with GEF; and gain knowledge gathered and shared by the Fund as it operates and invests in its target sector.

Please note:** **The IDB Lab equity investment approval of the "Yield Lab Latam Opportunity Fund I" followed the formal procedure, informing each country involved and obtaining "non-objection letters". The IDB will inform and update each Country GEF OFP once the portfolio is defined, and each startup is chosen for investment.

Consultations and coordination with private sector is an ongoing process since 2019 in Latin America and the Caribbean region.

(Please upload to the portal documents tab any stakeholder engagement plan or assessments that have been done during the PIF development phase.)

Private Sector

Will there be private sector engagement in the project?

Yes

And if so, has its role been described and justified in the section B project description?

Yes

Environmental and Social Safeguard (ESS) Risks

We confirm that we have provided indicative information regarding Environmental and Social risks associated with the proposed project or program and any measures to address such risks and impacts (this information should be presented in Annex D).

Yes

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
Low			

E. OTHER REQUIREMENTS

Knowledge management

We confirm that an approach to Knowledge Management and Learning has been clearly described in the Project Description (Section B)

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 ($)
IADB	GET	Regional	Climate Change	NGI	Non-Grant	3,000,000.00	285,000.00	3,285,000.00
IADB	GET	Regional	Land Degradation	NGI	Non-Grant	2,000,000.00	190,000.00	2,190,000.00
IADB	GET	Regional	Chemicals and Waste	NGI	Non-Grant	1,000,000.00	95,000.00	1,095,000.00
Total GEF Resources ($)						**6,000,000.00**	**570,000.00**	**6,570,000.00**

Project Preparation Grant (PPG)

Is Project Preparation Grant requested?

false

PPG Amount ($)

PPG Agency Fee ($)

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	PPG($)	Agency Fee($)	Total PPG Funding($)
Total PPG Amount ($)						**0.00**	**0.00**	**0.00**

Please provide justification

Sources of Funds for Country Star Allocation

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total($)
Total GEF Resources					**0.00**

Indicative Focal Area Elements

Programming Directions	Trust Fund	GEF Project Financing($)	Co-financing($)
CCM-1-4	GET	3,000,000.00	22000000
LD-1	GET	2,000,000.00	14500000
CW-2	GET	1,000,000.00	7500000
Total Project Cost		**6,000,000.00**	**44,000,000.00**

Indicative Co-financing

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
GEF Agency	IDB Lab	Equity	Investment mobilized	4000000
Private Sector	Incumbent investors - Farmers	Equity	Investment mobilized	7230000
Private Sector	Incumbent investors - Farmers Suppliers	Equity	Investment mobilized	6500000
Private Sector	Incumbent investors - Farmers Buyers (CGPs)	Equity	Investment mobilized	18270000

Private Sector	Funds of Funds, Mexican Capital Investment Corporation	Equity	Investment mobilized	8000000
Total Co-financing				**44,000,000.00**

Describe how any "Investment Mobilized" was identified

The Yield Lab has excellent experience developing impact investment funds worldwide and has a vast network of contacts that benefit fundraising. This support for high-impact investment theses is greatly benefited when investors such as IDB Lab or GEF are part of the project. This involves accelerating and increasing the engagement and support of other impact investors globally and regionally.

(*) Most of the investors use their Family Offices

(**) Most of the incumbent investors are corporates.

ANNEX B: ENDORSEMENTS

GEF Agency(ies) Certification

GEF Agency Type	Name	Date	Project Contact Person	Phone	Email
GEF Agency Coordinator	IADB	2/27/2023	Gmelina Ramirez	+12025237663	gmelinar@iadb.org
Project Coordinator	IADB	2/27/2023	Carolina Hernandez Gonzalez	+506 83489082	carolinahe@iadb.org
Project Coordinator	IADB		Luis Alejandro Fernandez		luisfer@iadb.org
Project Coordinator	IADB		Carolina Lustosa		alustosa@iadb.org

Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Name	Position	Ministry	Date (MM/DD/YYYY)

NGIs do not require a Letter of Endorsement if beneficiaries are: i) exclusively private sector actors, or ii) public sector entities in more than one country. However, for NGI projects please confirm that the agency has informed the OFP of the project to be submitted for Council Approval

Yes

ANNEX C: PROJECT LOCATION

Please provide geo-referenced information and map where the project interventions will take place

The Yield Lab Latam Fund investment strategy fosters startups in all LAC, from South America to Central America. At the beginning of 2023, it is not possible to have a detailed geographic location since entities still

need to be formally selected. Nevertheless, TYLL has a pipeline and some startups in line for investment that, in the following months, could offer a specific geographic location for the future GEF approval stages.

The countries possibly involved in the portfolio are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Panamá, Paraguay, Perú, and Uruguay. The impacted territories are primarily rural areas, where most food production and activities are located. The Fund provides for the following geographic distribution of capital investment:

- Brazil: 35%
- Southern cone (Argentina, Uruguay, Paraguay, Bolivia): 25%
- Andean Region (Chile, Perú, Colombia, Ecuador): 25%
- Central America and the Caribbean: 15%

ANNEX D: ENVIRONMENTAL AND SOCIAL SAFEGUARDS SCREEN AND RATING

(PIF level) Attach agency safeguard screen form including rating of risk types and overall risk rating.

ANNEX E: RIO MARKERS

Climate Change Mitigation	Climate Change Adaptation	Biodiversity	Land Degradation
Principal Objective 2	Significant Objective 1	No Contribution 0	Significant Objective 1

ANNEX F: TAXONOMY WORKSHEET

ANNEX G: NGI RELEVANT ANNEXES

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	Yield Lab Opportunity Fund I
Project/ Program Number	RG-Q0079
Project Objective	To support a transition towards resilient, decarbonized, and sustainable food systems through the acceleration and scalation of catalyst agrotechnological tech-based solutions in Latin America and the Caribbean.
Countries	Argentina. Chile, Paraguay. Uruguay, Bolivia, Brazil, Perú, Ecuador, Colombia, Central America, Mexico, Panamá, and the Caribbean.
Agency Presenting the project	IADB
Project Financing	Fund expected size: US$ 50 million.

	Private cofinance: US$ 44 million (including US$ 4 million investment from IDB Lab) GEF NGI finance: US$ 6 million
Currency	US Dollar
Currency risk	The Fund will be established and operated in US dollars, but it is possible that a part of the income generated by the companies of the portfolio is in local currency, which poses a currency mismatch between the investment and reimbursement. Considerations: This risk cannot be fully mitigated due to the high cost of coverage of currencies in an early-stage Fund. The Fund has a 10-year horizon and a regional strategy. The Fund managers will invest in companies with the potential for high growth and international expansion, which may generate returns sufficient to offset potential losses in the event of local currency depreciation.
Co-financing ratio	Every GEF 1USD mobilizes 7 USD of private sector financing
Financial additionality and minimum concessionally of GEF resources	GEF's investment will be fundamental in leveraging additional investors to co-finance alongside their investment. Many investors are willing to invest in the region and be part of efforts to strengthen and consolidate sustainable value chains in the agriculture and food sectors and join forces with the GEF, increasing their appetite to invest in the region through the Yield Lab Latam Fund. GEF as an investor is highly valuable and a stimulus for opportunities for connection to more significant and long-term financing aligned with the impact thesis, resulting in scalability and greater scope for the Fund and the companies that are part of the Fund. This is directly an acceleration of growth and impact. It is an opportunity to grow further and be complemented by additional capital and partners with interest in the same impact results and capital structure, adding to the size and diversity of the assets backing the Fund and creating a virtuous cycle of growth, impact, and diversification. The GEF investment requirements makes necessary the establishment of measurement methodologies for impact indicators of GEBs, making it possible to identify undertakings with a catalytic capacity to generate a more profound impact throughout LATAM and in the short-term advance supporting the bets that contribute to the impact objectives. The accompaniment and support to the Fund in structuring the project with GEF simultaneously promote a process of professionalization and maturation in environmental issues that reinforces the consolidation and growth of each undertaking within the Fund. The project and GEF financing will make it possible to support the innovation ecosystem in all LATAM regions, not only the developed countries, resulting in real action for inclusive development. GEF accompaniment to the Fund in the project structuring process simultaneously foster a process of professionalization and maturation in environmental issues that reinforces the consolidation and growth of each undertaking within the Fund.
Use of proceeds	The project is aligned with GEF Focal Areas of Climate change, Land Degradation, and Chemicals and Waste. The GEF finance of US$ 6 million, will be directed to these 3 Focal Areas.
Terms and conditions for the financing instruments from GEF	
Investment Period.	The Fund will have a duration of ten years from the raising closing date. This period may be extended up to two times for one extra year, subject to the approval of the qualified majority of the investors. Therefore, the project has a duration of 12 years, starting effectively in 2022 and ending in 2034. The investment period will be five years from the first date closing, which means from 2022 to 2027. GEF will have the

	same rights and conditions as the other Limited Partners investors. GEF will be one of the main investors.
Instrument	Equity investment into the Fund
Manager Commitment	The Fund manager will invest 1% of capitalization expected from the Fund.
Structure of remunerations and operating expenses:	Manager Remuneration: During the investment period, the Manager will receive an annual remuneration of 2.5% of the amount of the total committed capital of the Fund. Once the period is over investment, the annual remuneration will be 1.25% of capital reversed, deducting outputs, write-offs, and write-downs. The Salary will be paid semi-annually. Pre-operational and organization expenses: Organization expenses of the Fund will not exceed 1% of the Fund's total commitments. If the maximum amount is exceeded, the Manager will assume the excess. Operating Expenses: The Fund's operating expenses—such as transaction costs related to the acquisition or exit of investments; custody and administration commissions; taxes and other public fees; preparation of financial statements, reports, and tax declarations; audits, legal services or professional advice, litigation—will be borne by the Fund.
Fund cascade distribution:	As the Fund liquidates its investments, net earnings, together with dividends and interest derived from the investment, will be distributed according to the following priority: 1. 100% to investors in proportion to their participation until they recover all their contributions to the Fund. 2. Success Fees: Any surplus will be distributed 80% to the investors and 20% to the Manager.
Legal structure:	The YLL Opportunity Fund I is an entity of limited liability ("Limited Partnership") incorporated in the Cayman Islands and managed by the Fund Manager through the entity, The Yield Lab Latam Opportunity Fund LP, an entity incorporated in the Cayman Islands.
Exposure limits:	No more than 35% of the committed capital of the Fund will be invested in a single country. No more than 10% of the investor's committed capital will be invested in a single company. No more than 5% of committed investor capital will be invested in a single round of financing for a company.
Removal of the Fund Manager:	The Manager may be removed in the event of intent, gross negligence, or substantial breach of the Fund's regulations, including IDB integrity policies, with the vote of 66% of the Investors.
Key People and staff dedication.	The Key Persons are Tomas Peña, Santiago Murtaugh, and Roberto Viton. In case one of the YLL Key Persons cease their functions in the Fund for any reason or do not dedicate the minimum time committed to it; the Fund will not be able to make new investments or make capital calls to Fund investments other than a portfolio company, up to the time that new investment professionals be appointed, to the satisfaction of the Committee Advisor. Tomas Peña and Santiago Murtaugh will dedicate 100% of their professional time to Yield Lab Latam Opportunity Fund I, while Roberto Viton will have a dedication of 50%.
Capital calls:	Disbursements to the Fund will be in accordance with each investor's established percentage of participation in relation to its share of the total committed capital.
Capital structure	100% equity from the Fund’s investors (Limited Partners)
Co-investment rights:	The Manager must offer Fund Investors the opportunity to co-invest, pro rata based on capital commitments, on any investment opportunity identified, whether it is a new investment or a subsequent investment in one of the Fund's portfolio companies that presents outstanding returns, before offering said opportunity to co-investment to outsiders.

Liquidation of the Fund:	The Fund will be dissolved by any of the following causes, (i) expiration of the term set for its duration, or (ii) with the consent of 75% of the vote of the Investors of the Fund.
Reporting	The GP Will provide unaudited financial statements and performance information for each of the Fund's investees on a quarterly basis and audited financial statements on an annual basis.
Targeted IRR	In accordance with the base scenario carried out by the Fund Manager Fund, assuming a fund capitalization of US$ 50million, and including 50% of the companies invested with loss of capital (write-offs), 21% of the companies with multiples of (1-2x), 21% with exit multiples between 3 and 5, and the rest (8%) with output multiples of at least 10, it is expected to generate a Rate Net Internal Return (IRR) of 22.8%. According to internal IDB Lab project team sensitivity analysis exercises on the financial model and considered a most conservative scenarios the base case, assuming a capitalization of Fund of US$20 million, including 54% of the companies invested with loss of capital (write-offs), 18% of companies with multiples of (1-2x), 23% with output multiples between 3 and 5 and the rest (5%) with output multiples of at least 10. Under this scenario, it is expected to generate a net internal Rate of Return (IRR) of 13%, a return still acceptable, bearing in mind the level of risk of the investments.

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	The Yield Lab Fund received eligibility and formal approval from IADB/IDBLab for an investment of US$ 4 million in December 2021. And TYLL had eligibility from IDB for applying to GEF in February 2023, and it is estimated this GEF operation can get Board approval by June 2023, it will depend on GEF approval calendar.
Investment type description	Equity investment into the Fund
Expected date to start of investment	January 2022
Amount of investment (US$ GEF funds) (include technical assistance and non-grant portions)	Non-Grant: US$ 6,000,000
Amount of investment (US$ co-financing)	US$ 44,000,000
Estimated interest rate/return/premium	**In accordance with the base scenario carried out by the Fund Manager Fund, assuming a Fund capitalization of US$ 50 million, and including 50% of the companies invested with loss of capital (write-offs), 21% of the companies with multiples of (1-2x), 21% with exit multiples between 3 and 5, and the rest (8%) with output multiples of at least 10, it is expected to generate a Rate Net Internal Return (IRR) of 22.8%. According to internal IDB Lab project team sensitivity analysis exercises on the financial model and considered a most conservative scenario the base case, assuming a capitalization of Fund of US$ 20 million, including 54% of the companies invested with loss of capital (write-offs), 18% of companies with multiples of (1-2x), 23% with output multiples between 3 and 5 and the rest (5%) with output multiples of at least 10. Under this scenario, it is expected to generate a net internal Rate of Return (IRR) of**

	13%, a return still acceptable, bearing in mind the level of risk of the investments.
Maturity	12 years
Estimated reflow schedule	The Fund expects to make investments in the first 5 years, and the last 7 will be the diversement divestment period. The Fund would return, if available, capital and gains to LP's on a quarterly basis as Fund exists from its portfolio companies. Estimated disbursed period will be from year 2027 to year 2034.
Repayment method description	As the Fund liquidates its investments, net earnings, together with dividends and interest derived from the investment, will be distributed according to the following priority: 1. 100% to investors in proportion to their participation until they recover all their contributions to the Fund. 2. Success Fees: Any surplus will be distributed 80% to the investors and 20% to the Manager.
Frequency of reflow payments	Not possible to predict.
First repayment date	No earlier than, 2029, which is the estimated start of the divestment ?period.
First repayment amount	The amounts are difficult to predict since it would depend on the success of the Fund.
Final repayment date	Not later than the closing date of the project
Final repayment amount	The amounts are difficult to predict since it would depend on the success of the Fund.
Total principal amount to be paid- reflowed to the GEF Trust Fund (Please provide actual amount with assumption of exchange rate if applicable)	US$ 6 million.
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)	It's important to keep in mind that these are only estimated numbers based on projections. The actual results may vary depending on the performance of the Venture Capital Fund, the market, and other variables. Based on the scenarios provided in the term-sheet, and the GEF ticket (US$ 6 M), we can estimate the following: Base Scenario: The expected return: US$ 13,6M. Conservative Scenario: The expected return US$ 9.8M. Further detail about the projection model can be described in the CEO Endorsement document.

Annex G.3: GEF Agency Eligibility to Administer Concessional Finance

The GEF Agency submitting the PIF or PFD will demonstrate its capacity and eligibility to administer NGI resources as noted in the NGI Policy, summarized below:

a) Ability to accept financial returns and transfer from the GEF Agency to the GEF Trust Fund.

The IDB Group, as a Multilateral Development Bank with a solid private sector arm, not only has the ability to accept financial returns and manage reflow to the GEF Trust Fund, but it has also already transferred over US$ 2.5 million in reflows to the GEF Trust Fund (corresponding to the first divestments from VC equity Funds seeded with GEF NGI resources). IDB Lab is currently managing several GEF Non-grant Instrument operations.

b) Ability to monitor compliance with non-grant instrument repayment terms.

Within the IDB Group, the GEF-NGI projects are supervised and monitored by specialists with ample experience in private sector projects, including projects leveraging Venture Capital Funds, guarantees, and concessional loans/blended finance to promote private sector investments that generate positive environmental and social impacts. In the case of VC Funds with GEF-NGI investments, IDB, as the GEF Agency, participates actively in the Fund's Limited Partner Advisory Committee and monitors the activities and progress of the Fund, including acquisitions, divestments and the timing and amounts of reflows, through regular contact with the respective Fund Manager. In the case of concessional loans/ blended finance and guarantees, IDBG has a direct contractual relationship with the private sector entity, and the assigned portfolio manager/ private sector specialist monitors compliance with repayment terms and all other contractual conditions as part of regular supervision

c) Capacity to track financial returns (semester billing and receiving) within its normal lending operations and for transactions across trust Funds.

The IDB Group has a Grants and Co-financing Management Unit (GCM) that is exclusively dedicated to managing all transactions related to trust Funds, including transactions related to financial returns from trust Fund-support projects aimed at private sector entities. The Fund Coordinator responsible for fiduciary matters related to GEF has a strong background in multilateral and bilateral donor funding of non-grant instruments. Moreover, to comply with all applicable fiduciary responsibilities, GCM coordinates with the responsible technical areas (in the case of GEF-NGI projects, the divisions leading private sector projects), the IDB's Finance department, and the IDBG-GEF Technical Coordination team. IDBG has a strong capacity to track financial returns from GEF-NGI projects.

d) Commitment to transfer reflows twice a year to the GEF Trust Fund

The IDBG is fully committed to providing regular reflows and complying with the reflows indicated in the NGI proposals once the project enters execution. Due to the nature of the NGI projects IDBG manages, it is not possible to guarantee twice-yearly reflows for every year in execution. Specifically, reflows tend to materialize for VC Funds once the divestment period commences (generally after six years of operations).

e) Track-record of repaid principal and financial returns from private sector beneficiaries to the GEF Agency.

Given the maturity of GEF-NGI projects managed by IDBG as the Partner Agency, most have yet to reach the stage during execution where reflows are generated. However, GEF has already received over US$2.5 million in reflows from the EcoEnterprises II VC Fund, which only recently entered its divestment phase (compared to

an invested capital of U$ 5 million). Likewise, the Clean Tech Fund and the Sustainable Energy Fund have entered their divestment phases and are expected to generate positive returns on investment (with reflows being transferred to the GEF Fund and reported in the IDBF-GEF Quarterly Reports as they materialize).

Annex G.4: Management Capacity of Executing Agency and Governance Structure

For projects requesting equity instrument, structured finance, or SPVs please provide following information