CEO Endorsement (CEO) entry ? Full Sized Project ? GEF - 7

Agtech for inclusion and sustainability: SP Ventures'Regional Fund (Agventures II)

Part I: Project Information

GEF ID
10336

Project Type
FSP

Type of Trust Fund
GET

CBIT/NGI
CBIT **No**
NGI **Yes**

Project Title
Agtech for inclusion and sustainability: SP Ventures'Regional Fund (Agventures II)

Countries
Regional, Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Paraguay, Peru, Uruguay

Agency(ies)
IADB

Other Executing Partner(s)
SP Ventures Gestora de Recursos Ltda. (Fund Manager).

Executing Partner Type
Private Sector

GEF Focal Area
Multi Focal Area

Taxonomy

Focal Areas, Land Degradation, Chemicals and Waste, Climate Change, Persistent Organic Pollutants, Pesticides, Sustainable Land Management, Sustainable Agriculture, Climate Change Mitigation, Financing, Agriculture, Forestry, and Other Land Use, Influencing models, Deploy innovative financial instruments, Stakeholders, Private Sector, Financial intermediaries and market facilitators, Individuals/Entrepreneurs, SMEs, Capital providers, Partnership, Type of Engagement, Information Dissemination, Local Communities, Beneficiaries, Gender Equality, Gender Mainstreaming, Participation and leadership, Gender results areas, Access to benefits and services, Integrated Programs, Food Systems, Land Use and Restoration, Food Value Chains, Sustainable Food Systems, Sustainable Commodity Production, Capacity, Knowledge and Research, Knowledge Exchange, Peer-to-Peer, Conference, Innovation

Rio Markers

Climate Change Mitigation

Climate Change Mitigation 1

Climate Change Adaptation

Climate Change Adaptation 1

Submission Date

8/15/2019

Expected Implementation Start

12/1/2021

Expected Completion Date

11/30/2026

Duration

60In Months

Agency Fee($)

450,000.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

Objectives/Programs	Focal Area Outcomes	Trust Fund	GEF Amount($)	Co-Fin Amount($)
CW-1-2	Reduction and/or replacement of POPS through improved agricultural management practices, including the sound management of agricultural chemicals and their wastes	GET	1,800,000.00	19,000,000.00
CCM-2-6	Demonstrate mitigation options through climate smart agriculture and GHG emissions reductions from food systems and agricultural supply chains	GET	1,600,000.00	18,000,000.00
LD-1-1	Maintain or improve the flow of agro-ecosystem services by contributing to sustainable land management and climate smart agriculture	GET	1,600,000.00	18,000,000.00
		Total Project Cost($)	**5,000,000.00**	**55,000,000.00**

B. Project description summary

Project Objective

Support the consolidation and scaling up of innovative Agtech early-stage companies (SMEs) that will develop technologies to offer productivity, market, and environmental solutions for the agricultural sector in Latin America especially to the Small and Medium Sized Farmers to generate environmental benefits related to climate change, land degradation, and chemicals and waste.

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
Investment in Ag-tech early-stage companies (SMEs) in Latin America that develop technologies with potential to contribute GHG reductions and improved management of land and chemicals and waste	Investment	Establishing the fund Agventures II, with a diverse base of investors, to develop an investment portfolio of Agtech (SMEs) early-stage companies that will generate environmental, social and financial returns, including the Global Environment Benefits (GEB): (i) GHG emissions mitigated; (ii) Areas of landscapes under improved practices; and (iii) 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.	Agventures II Fund established and raised at least $16 Million in capital commitment by the end of September 2020 and started operations within 12 months of first round of capital beginning August 1, 2020 (Operating Closing)). Fund achieved target of $60 Million in total capital commitment within 18 months from Operating Closing. At least twenty (20) early stage Agtech start-ups across the Latin American region benefited from investments by the Fund by the end of its investment period. **Percentage of the portfolio companies that have at least one woman as co-founder / co-owner or**	GET	5,000,000.00	55,000,000.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
				Sub Total ($)	5,000,000.00	55,000,000.00

Project Management Cost (PMC)

GET			
Sub Total($)	**0.00**		**0.00**
Total Project Cost($)	**5,000,000.00**		**55,000,000.00**

C. Sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
GEF Agency	IDB Lab	Equity	Investment mobilized	4,000,000.00
Private Sector	Capria	Equity	Investment mobilized	3,000,000.00
Private Sector	Syngenta Ventures	Equity	Investment mobilized	4,000,000.00
Private Sector	BASF Venture Capital	Equity	Investment mobilized	4,000,000.00
Private Sector	Adisseo	Equity	Investment mobilized	1,500,000.00
Private Sector	SPVentures	Equity	Investment mobilized	1,200,000.00
Private Sector	IFC	Equity	Investment mobilized	10,000,000.00
Private Sector	The Mosaic Company	Equity	Investment mobilized	4,000,000.00
Private Sector	Woodsfield Establishment Ltd	Equity	Investment mobilized	150,000.00
Private Sector	TWK Enterprises Ltd	Equity	Investment mobilized	200,000.00
Private Sector	Tridon Participacoes	Equity	Investment mobilized	250,000.00
Private Sector	Trechira Investments	Equity	Investment mobilized	200,000.00
Private Sector	TKMB LLC	Equity	Investment mobilized	250,000.00

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
Private Sector	Teva Bee Ltd	Equity	Investment mobilized	100,000.00
Private Sector	Suffolk Business Ltd	Equity	Investment mobilized	100,000.00
Private Sector	Sea River Pilot Ltd	Equity	Investment mobilized	100,000.00
Private Sector	Suzane Vasconcelos	Equity	Investment mobilized	190,000.00
Private Sector	Ruspact	Equity	Investment mobilized	100,000.00
Private Sector	Paulo Vasconcelos	Equity	Investment mobilized	190,000.00
Private Sector	Melicio Vasconcelos	Equity	Investment mobilized	190,000.00
Private Sector	Marcelo Sanchez	Equity	Investment mobilized	100,000.00
Private Sector	Luxor Fund	Equity	Investment mobilized	50,000.00
Private Sector	Leoni Palis Enterprise Ltd	Equity	Investment mobilized	100,000.00
Private Sector	LKM Investments	Equity	Investment mobilized	200,000.00
Private Sector	Flamingo Global Investments	Equity	Investment mobilized	250,000.00
Private Sector	Fernanda Celidonio	Equity	Investment mobilized	100,000.00
Private Sector	Andre Rodriguez	Equity	Investment mobilized	40,000.00

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
Private Sector		Equity	Investment mobilized	20,440,000.00
			Total Co-Financing($)	**55,000,000.00**

Describe how any "Investment Mobilized" was identified

The Fund has a similar structure to those of the other VC funds in which IDB Lab and GEF have co-invested. According to the Limited Partnerships Agreement (LPA), the Fund Manager has up to 12 months, from July 2020, to continue raising additional capital on subsequent rounds under its sole discretion. All the current and new Limited Partners will share the same rights and obligations stipulated in the LPA. The Fund manager will continue to have subsequent rounds of capital raising, at the GP's discretion, to reach the Fund's intended $60 Million target. Potential New Investors: Eight (8) potential new institutional investors are either in final negotiations with the GP or conducting due diligence on the Fund's operations. The aggregate commitment of these 8 potential investors is over USD$ 20 million . =============== Description of some LPs: BASF Venture Capital is the corporate venture capital company of the BASF Group. Since 2001, it has been investing worldwide in young, fast-growing companies and funds related to current and future businesses of BASF. Since it began operating, it has covered a wide spectrum of venture capital investments at an international level. This includes initial and follow-on investments as well as exits through M&A transactions and IPOs. Its investment focus comprises the areas of Agtech, chemistry, new materials, sustainability, digitalization and disruptive business models. Syngenta Ventures (SV) is the corporate venture capital team of Syngenta, a leading agriculture company helping to improve global food security by enabling farmers to make better use of available resources. Created in 2009, Syngenta Ventures is one of the first venture capital teams dedicated to agriculture. Syngenta Ventures has a diverse global portfolio of companies that share the common theme of helping growers to be more profitable and positively impacting the future of agriculture. Adisseo is among the world leaders in animal nutrition with over 3,900 clients worldwide. Its mission is to feed the planet in a high-quality, affordable, safe and sustainable way. Capria Network is the leading global network of emerging market fund managers (impact investing) collaborating to deliver superior returns and scaled impact. The 19 member firms are managing assets of more than USD $300 million with presence in 37 countries across Africa, Latin America, and South and South East Asia. The Mosaic Company (NYSE: MOS) is the world's leading integrated producer and marketer of concentrated phosphate and potash. The Company employs more than 13,000 people in six countries and participate in every aspect of crop nutrition development. The Company mines and processes phosphate and potash minerals into crop nutrients, and then ship via rail, barge and ocean-going vessel to its customers in the major agricultural centers of the world. ================

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

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)
IADB	GET	Regional	Chemicals and Waste	NGI	1,800,000	150,000
IADB	GET	Regional	Climate Change	NGI	1,600,000	150,000
IADB	GET	Regional	Land Degradation	NGI	1,600,000	150,000
				Total Grant Resources($)	**5,000,000.00**	**450,000.00**

E. Non Grant Instrument

NON-GRANT INSTRUMENT at CEO Endorsement

Includes Non grant instruments? **Yes**

Includes reflow to GEF? **Yes**

F. Project Preparation Grant (PPG)

PPG Required **false**

PPG Amount ($)

PPG Agency Fee ($)

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)
				Total Project Costs($)	**0.00**	**0.00**

Core Indicators

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)
0.00	11785386.00	0.00	0.00

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 that meets national or international third party certification that incorporates biodiversity considerations (hectares)

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)
	11,785,386.00		

Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided

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

Documents (Please upload document(s) that justifies the HCVF)

Title	Submitted

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?e (direct)	0	14548035	0	0
Expected metric tons of CO?e (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?e (direct)		14,548,035		
Expected metric tons of CO?e (indirect)				
Anticipated start year of accounting		2023		
Duration of accounting		6		

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?e (direct)				
Expected metric tons of CO?e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

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 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)

Metric Tons (Expected at PIF)	Metric Tons (Expected at CEO Endorsement)	Metric Tons (Achieved at MTR)	Metric Tons (Achieved at TE)
0.00	14,770.00	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)
SelectHighly Hazardous Pesticides		14,770.00		

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)

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)

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)

Indicator 9.6 Quantity of 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)

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	367,500	367,500		
Male	367,500	367,500		
Total	735000	735000	0	0

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

Part II. Project Justification

1a. Project Description

1 A (A) GLOBAL ENVIRONMENTAL PROBLEMS, ROOT CAUSES AND BARRIERS

Latin America and the Caribbean (LAC) greatly expanded agricultural production in the second half of the twentieth century. LAC has around a third of the world?s fresh water and arable land, and more potentially suitable land for rainfed cultivation than the combined land from all other regions of the world. Since the 1960?s, the region has sharply increased agricultural output, becoming a leading world exporter. It did so by expanding the agricultural frontier and raising agricultural productivity (yields) faster than any other developing region, with an average annual total factor productivity growth of 1.7%. This improved performance was the result of rapid mechanization of cultivation practices, adoption of high-yielding varieties and seeds in association with intense use of agrochemicals such as fertilizers, defensives and fungicides as well as professionalization of part of the sector. In sum, the region has expanded its capacity to convert its abundant resources into agricultural products, reaping the fruits of the so-called ?Green Revolution?.

However, environmental and social problems persist. Not only has the 20th century mechanical-chemical model been approaching a saturation point as a lever to further increase productivity, but also important environmental and social challenges in the agricultural sector have been increasingly unveiled.

? Rural poverty and exclusion remain predominant issues in the LAC region. Around 53% of those residing in rural areas in the region currently live in poverty, totaling over 50 million people. Such a figure has not changed much since 1995 ? despite the region?s 37% increase in agricultural production from 1999 to 2009. That indicates that overall productivity growth has been, per se, a non-enough condition to improve livelihoods of vulnerable populations, with landless farmers, indigenous peoples, women and children particularly vulnerable. Also, farming as an occupation is on the decline leading to rural exodus, particularly of young people, who face limited opportunities in traditional farming.

? Large part of the small and medium-sized farms (SMSFs) has been left behind. More than half of the food produced in LAC comes from the region?s 14 million smallholders, which account for 80% of the rural properties in the region and represents 64% of agricultural employment. However, the less capable SMSFs present a large productivity gap in relation to the large-scale producers at the productive frontier of the region; and also, in relation to the productivity levels of developed economies, which is estimated in the order of 22%. The low productive SMSFs often inherit traditional models based on extensive production and ever-increasing use of land to increase production, frequently having non-adequate environmental practices. They are trapped in a low productivity cycle characterized by low technology, poor farm management practices, high productions costs, inadequate market positioning and unfavorable conditions to compete in the value chains, leading to small margins, low income and vulnerable livelihoods. Such dualism in agricultural performance between the well managed and highly productive farms of the region, generally ? albeit not always ? larger in scale, and the long tail of low productive SMSFs helps explaining the paradox of large wealth creation and poverty coexisting in rural LAC.

Agricultural production is still coupled with environmental impact and highly vulnerable to climate change - Agriculture is both one of the most carbon-intensive activities today, contributing to 40-60% of greenhouse gas (GHG) emissions directly and through changes in land use in LAC. It is also one of the activities most vulnerable to climate change in terms of economic losses and social consequences. Climate change affects agriculture in several ways including: (i) changes in average temperatures, and (ii) rainfall and climate extremes (floods, drought, hurricanes), pests and diseases, and growing sea levels ? which points to the importance of climate adaptation in agriculture, specially to the most vulnerable producers. Adding to its negative environmental impacts, Agriculture production accounts for about 70% of consumption of water (often with overconsumption given suboptimal irrigation systems), and still represents the main cause for deforestation, biodiversity loss, and degradation of environmentally sensitive areas (such as riparian forests, water springs, etc.) due to the expansion of agricultural frontier. Roughly one third of food production in LAC is lost along the supply chain or wasted by consumers and retailers. It is estimated that the food currently lost or wasted in LAC could feed 300 million people.

LAC?s agricultural development model is at a crossroad. Global population is growing at nearly 78 million people per year and projected to reach 9.6 billion people by 2050. To keep up with such increase in demand, global food production will have to double agricultural yield in the next 30 years, and on as little as 12 percent more arable land. LAC?s agricultural productivity will have to increase by 50% in productivity to remain a net food exporter. The rising demand for food can exacerbate rural exclusion and environmental depletion and places increasing pressure on LAC?s agricultural and food systems to find new solutions to respond to the challenge of increasing food production while addressing the environmental challenges described above.

Innovative solutions developed by Ag-focused startups (?Agtechs?) can play a central role in addressing inclusion and environmental challenges, especially for low productive SMSFs. Dealing with such challenges requires a combination of policies and efforts from the public and private sectors, including experimenting new market-driven solutions and technological models, many of which come from startups. Recent advances in digital technologies (such as data analytics, big data, remote imagery and satellites, internet of things, artificial and augmented intelligence and blockchain), life sciences (such as advanced genomics, biotech) and automation (such as robotics, precise sensors) have enabled the emergence of a new set of applications in the agricultural sector, defining a new field of entrepreneurship and innovation known as ?Agtech?.

Agtech solutions have the potential to generate high impact to vulnerable rural populations and the environment both: (a) along the Ag value chains ? by introducing solutions that enhance the access of SMSFs to markets, raise transparency and price conditions, and (b) at the farm level ? by improving livelihoods and climate resilience with digital and biological applications.

However, the Agtech ecosystem is still incipient in LAC and Agtech startups face very limited availability of capital and specialized ag-focused mentorship and guidance. Entrepreneurs very rarely thrive without specialized support and investments. As seen in other more mature entrepreneurship verticals, such as Fintech or Edtech, startups demand both capital (monetary and human) and continuous mentorship and business guidance as they set up, consolidate, and grow their business. Such financial and non-financial support is typically provided by venture capital funds, but there is currently no Agtech-focused regional venture fund that can offer the in-depth sectorial expertise needed to support Agtech entrepreneurs.

Given the specificity of the agricultural sector and the particular challenges faced by startups in this sector, few generalist VC funds have interest in investing in the segment and ? when they do, they are typically ill-equipped to offer entrepreneurs in-depth guidance to help them overcome the multiple sector-specific challenges they face (e.g. relationship with producers, product development according to the real needs of each crop, seasonal cycles, life sciences-based product development, etc.). That explains Agtech startups having received only 7% of VC investments in the region in 2018 despite the fact that the number of Agtechs in the region has more than doubled since 2017. Agtech?s share of VC investment in the region is also underrepresented considering agribusiness? large participation (~25%) in LAC?s GDP.

The facts stated above, confirm the need for a regional Agtech-focused VC fund like Agventures II Investment Fund that can provide entrepreneurs with : (a) focused capital and in-depth sectorial expertise in investing and supporting new-to-the-market Agtech solutions and (b) the conduit, via its portfolio companies, of significant contributions to the environment in areas, but not limited to, related to climate change, chemicals and waste, land degradation, and sustainable land management and food systems. These areas encapsulate environmental and poverty dimensions and a platform like this Fund shall prove to be a viable instrument for tackling, directly or indirectly, these challenges.

1 A (B) THE BASELINE SCENARIO

As described in the section above, the Latin American region faces a significant scarcity of long-term financing especially to Agtech SME companies and even more critical for early stage companies. Currently there is a very limited number of VC funds (or any other investment vehicles) dedicated to addressing the challenges faced or originated by the Agtech/Foodtech sectors in the LAC region including critical issues like land degradation, climate change, chemicals and waste.
The IDB Lab, part of the IADB Group, has extensive experience in helping to design, and investing in investment funds.

During the last 25 years, the IDB Lab has invested in close to 80 investment funds out of which over 50 are still active which are SME focused investment funds covering Latin America and the Caribbean. However, only a few of these funds make investments, on a case-by -case basis, in Agtech companies but they lack the in-depth sectorial expertise in investing and supporting new-to-the-market Agtech solutions. Aside from AgVentures I (see lines below) there is not an AgTech dedicated investment vehicle operating in Latin America. The large international corporates have made some investments into Agtech solutions for the region but do not have the same investment scope, nor the environmental and social impact, sought by Agventures II since their primary client is the large famer in Latin America.

SP Ventures (SPV or the Fund Manager) is a leading venture capital firm specialized in investing and mentoring Agtech startups whose solutions have the potential of promoting widespread and sustained positive transformation in agriculture and its related technical and environmental challenges. SPV follows the mission of leveraging innovation to ?solve real problems of real agricultural producers? and has a particular focus on small and medium-sized farms (SMSFs). The Fund Manager has been able to combine, through its previous two funds, solid financial results with some of the most socially and environmentally impactful investments in Agtech.

SPV was founded in 2007 in Brazil as the manager in the state of S?o Paulo of the fund Criatec I ($10 million capital), a flagship venture capital (VC) fund initiative created and invested by the Brazilian Development Bank (BNDES) to promote the expansion of the VC industry the country. While Criatec I had a sector-agnostic strategy, half of its portfolio was allocated in some of the first Agtech companies that emerged in Brazil, which allowed SPV?s team to start specializing in the field from early days.

In 2013, SP Ventures created AgVentures I ($30 million), the first Brazilian Agtech-focused fund. AgVentures I invested 80% of its capital in Agtech deals in Brazil and one in Argentina (Agrofy). AgVentures I is in its Divestment Period which will finish by the end of 2023. AgVentures I has proven to be a success story and although it has not had any exits yet, it has already received exit offers for 5 portfolio companies, with estimated returns fluctuating between 2x and 10x multiples. Additionally, AgVentures I portfolio companies have raised successfully new rounds from other investors, validating the quality of the investment portfolio.

The assessment of the first two funds created and managed by SP Ventures indicates that over 1 Million vulnerable people have benefitted from increasing income and livelihoods; and over 30,000 SMSFs have benefitted from access to solutions that can boost productivity or income at the farm level. More importantly, portfolio companies have brought significant benefits to vulnerable populations through their businesses and technical solutions.

As Agventures I, approaches the end of divestment period, there is a critical need for having a new dedicated investment vehicle to capitalize on the progress (technical, social, and environmental) achieved by this fund, otherwise the problems described in the section above will not be diminished.

After 12 years investing in the Agtech sector and buildings ecosystem activities (with over USD 40 million under management and more than 25 portfolio companies), SP Ventures has launched its new fund (AgVentures II), the first Agtech-specific VC fund in Latin America with a regional scope.

1.A (C) THE PROPOSED ALTERNATIVE SCENARIO

As depicted in the Theory of Change (below), the project will addres the problem, its root causes and main barriers to financing, for which GEF support is required:

Problem**:** LAC has sharply increased agricultural output since the 1960s with the intense use of agrochemicals such as fertilizers, defensives, and fungicides.

Root Causes: The expansion of the agricultural frontier and raising of agricultural productivity results from rapid mechanization of cultivation practices and the adoption of high-yielding seed varieties.

Main Barriers: There are limited opportunities in traditional farming for small and medium-sized farms (SMSFs). Landless farmers, indigenous peoples, women, and children are the most vulnerable to the environmental and social challenges associated with the agricultural, facing rural poverty and exclusion (over 50 million people, or 53% of those residing in rural areas live in poverty). Additionally, small, and medium-sized farms are often left behind from accessing to financial assistance, as they experience large productivity, have low technology, poor management practices, face high output costs and attain small or low margins.

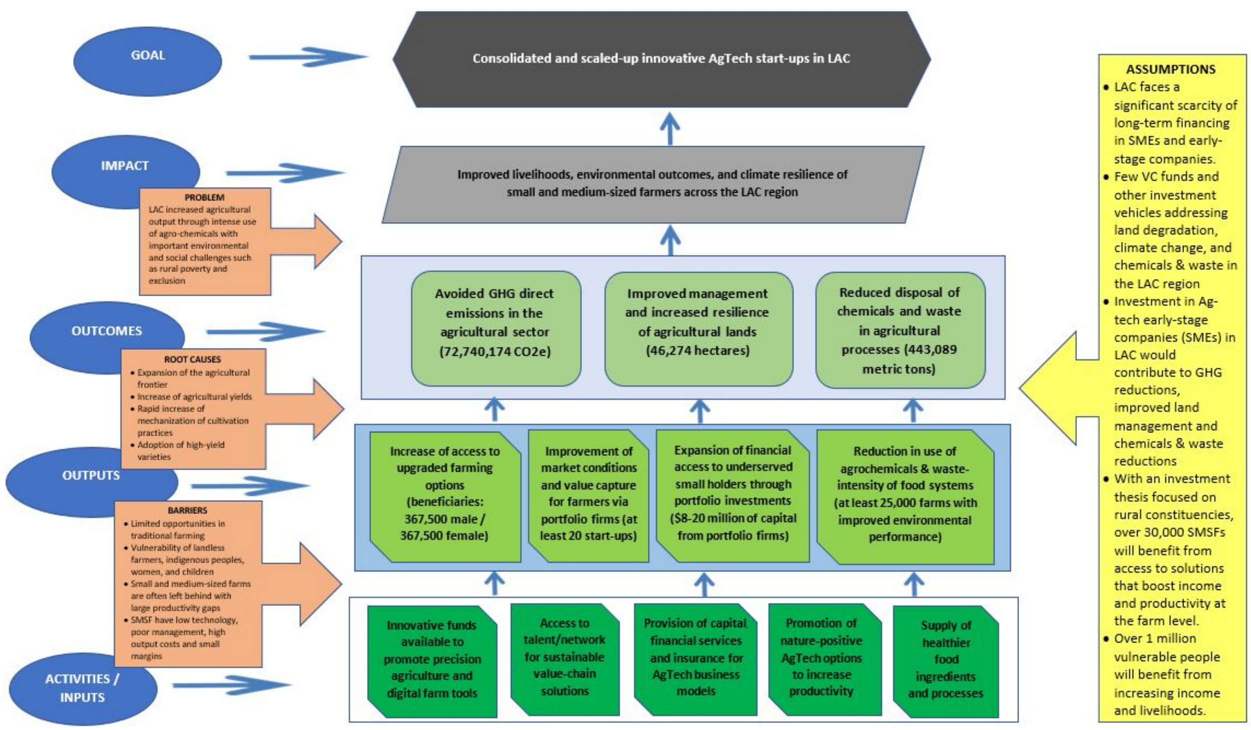
Goal & Objective: Supporting the consolidation and scaling up of innovative Agtech early-stage companies (SMEs) will help develop technologies to offer productivity, market, and environmental solutions for the agricultural sector in Latin America, especially to the Small and Medium Sized Farmers, to generate environmental benefits related to climate change, land degradation, and chemicals and waste

Target Outcomes: Establishing the fund Agventures II, with a diverse base of investors, to develop an investment portfolio of Agtech (SMEs)early-stage companies that will generate environmental, social and financial returns, including Global Environmental Benefits (GEBs): (i)*GHG emissions mitigated* ? 72,740,174 CO2e direct Carbon Sequestered or Emissions Avoided in Agriculture; (ii) *Areas of landscapes under improved practices* ? 46,274 hectares under improved management to benefit biodiversity, and; (iii) *Reduction, disposal of chemicals of global concern and their waste* ? 443,089 metric tons of toxic chemicals reduced in the environment (e.g. Hazardous Pesticides).

Expected Outputs: Agventures II Fund established and raised $8-16 Million in capital; increase of access to upgraded farming options (beneficiaries: 367,500 male / 367,500 female); improvement of market conditions and value capture for farmers (at least 20 start-ups); reduction in use of agrochemicals & waste-intensity of food systems (at least 25,000 farms with improved environmental performance).

Systemic Transformation Assumptions: LAC faces a significant scarcity of long-term financing in SMEs and early-stage companies. Few VC funds and other investment vehicles addressing land degradation, climate change, and chemicals and waste in the LAC region. With investment in Ag-tech early-stage companies in LAC, SMEs can access technologies with potential to contribute GHG reductions, improved management of land and chemicals and waste. This Fund has a similar structure to those of the other VC funds in which IDB Lab and GEF have co-invested. With an investment thesis focused on rural constituencies, over 30,000 SMSFs will benefit from access to solutions that boost productivity or income at the farm level. Over 1 million vulnerable people will benefit from increasing income and livelihoods.

Theory of Change



Agventures II?s objective is to support the consolidation and scaling up of innovative Agtech startups that offer productivity, market, and/or environmental solutions for the agricultural sector with a specific emphasis in Small and Medium-Sized Farms (SMSFs). This project adopts a broad definition of the ?agricultural sector? by encapsulating areas such as agriculture, forestry, water management, livestock, food value chain systems, new food products, and fisheries among others. Agventures II is the first LAC dedicated venture capital fund specialized in and exclusively focused on Agtech.

The Fund?s investment thesis focuses on early-stage companies that primarily target Small and Medium-Sized Farms (SMSFs) both at the farm level and along agricultural value chains. The project is expected to contribute to improving the livelihoods, environmental outcomes and climate resilience of SMSFs across LAC, while also helping develop the Agtech entrepreneurial ecosystem. As it is well proven, climate change aggravates variations in yields and income from agriculture, threatening the resilience of agro-ecosystems and stability of food production systems.

The Fund's portfolio companies will develop innovative solutions that would decrease the intensity of use of natural resources in agricultural production (especially water, energy and land), enable climate mitigation strategies in high carbon-intensive Ag segments (e.g. cattle ranching), and increase climate resilience of SMSFs. Some 25,000-33,000 SMSFs across LAC are expected to benefit from the technologies produced (and services offered) by the Fund's portfolio companies, and hence see improved environmental performance. These SMSFs currently do not have access to comparable technologies and cannot compete with the large corporate conglomerates operating in the region nor can they operate under agricultural best practices and hence cannot reduce the intensity of use of natural resources as part of their agricultural operations. In other words, the Fund directly helps develop the Agtech entrepreneurial ecosystem in LAC and influences the availability of innovative technologies to SMSFs across LAC, and thereby, indirectly, contributes to improving the livelihoods, environmental outcomes and climate resilience of these SMSFs.

In addition to promoting technological solutions for SMSFs, AgVentures II also promotes monitoring and transparency. SPV has develop, assisted by experts, an Environmental and Social (E&S) monitoring tool customized to the Agtech sector. The tool will be used to screen and monitor portfolio companies in terms of key E&S indicators (including compliance and GEF?s Core Indicators) and could serve as a benchmark for the Agtech industry in Latin America and even globally.

It is worth clarifying that not all of the Fund's investments will generate direct GEBs. Fully aware of this possible scenario, SPVentures is willing to sign a Side Letter, as part of he LPA, indicating its contractual commitment to invest at least $5 Million (GEF's capital commitment) into companies that will generate direct GEBs. The compliance of this commitment will be reported in the quarterly reports to Limited Partners and specifically to IDB/GEF.

It is important to emphasize that IDB Lab, in its role as investor and Limited Partner of the Fund, will participate in the Fund?s Investment Committee, as an observer, and also in the Limited Partner?s Advisory Committee, with voting rights, and thus will reinforce the compliance and objectives of GEF?s capital commitments being invested into companies that generate direct GEBs. Furthermore, as stated in Section 5 (g), IDB Lab will manage GEF-related reporting and accountability requirements and liaise with IDB-GEF and GEFSec teams during the Fund?s implementation to ensure investments are in line with these policies (including guidance on investment committee decisions). As a result, all funding requests will be evaluated against GEF and IDB policies, such that proposals approved meet these criteria (including financial and GEB objectives). Additional to IDB reports, as mentioned in Section 9 ? Monitoring and Evaluation, IDB will conduct midterm evaluation and final evaluation which will include among other things: analysis of the effectiveness of implementation, identification of issues requiring remedial actions, proposal of any mid-course corrective actions.

Investment Strategy

The Fund will invest in 20 to 30 early stage Agtech startups across LAC. The fund will invest from early seed (pre-operational companies) stage to late seed / series A stage, typically with a USD 750,000 ticket at early seed stage to a USD 1-2 million initial ticket for late seed / series A stage companies. The Fund expects to continue investing in subsequent financing rounds (follow-ons) to fund the scaling up of the most promising companies of the portfolio. Opportunistically, the Fund expects to also invest in series B financing rounds for selected companies (typically USD 4 million tickets). Series B financing rounds will target firms ready to the expand their market reach, past the development stage that Series A funding rounds represent. Therefore these companies would have already gone through both pre-seed and seed stages, developed their client base and proven to investors that they are prepared for success on a larger scale, to meet increased customer demand. The Fund Manager expects at least 25% of the capital to be invested in early seed, and the remainder in late seed / series A and series B rounds. No more than 20% of the Fund?s capital will be allocated to one single investment.

The Fund will acquire preferred shares issued by the portfolio company via direct equity (series A onwards) or traditional convertible notes structure (for earlier stage deals). These investment instruments will assure the governance and fund rights that SP Ventures follows as best practices in the venture capital industry. In most cases, the Fund Manager is expected to take active board participation in portfolio companies with duties like for example attracting and retaining talented management team members, mentoring the executive team, providing market level insight, guidance and support for future fundraising, monitoring performance, overseeing and promoting fiscal, legal and ethical governance standards.

The fund will invest in countries across LAC. Based on the maturity of Agtech-relevant innovation ecosystems in different LAC countries, the fund manager expects to invest up to 60% of its capital in Brazil, Argentina, Paraguay and Uruguay, and the remaining 40% in other countries throughout the region. The sourcing and deal flow strategy include an exhaustive mapping of local innovation ecosystems in each of the countries in LAC, understanding the potential for the emergence of Agtechs in the different target verticals of the Fund. SP Ventures will also engage in ecosystem building, as many countries? Agtech ecosystems are still emerging, and will partner with established local incubators and accelerators, participate in ecosystem events, conferences, and connect with other local Venture Capital Funds.

The Fund will have a similar structure to those of the other VC funds in which IADB/IDB Lab and GEF have co-invested.
The Fund will have a life of 10 years with possibility of 2 additional one-year extensions approved by the Limited Partners. The first 6 years represent the Investment Period and the remaining 4 years represent the Divestment Period during which the Fund Manager would seek to exit portfolio companies part of its investment portfolio.

Principles for Prioritization of Investments. Base on more than a decade of experience investing in Agriculture/Agtech, and through its extensive network of relationships and partnerships, SP Ventures (SPV), the Fund Manager for Agventures II, has already built a preliminary pipeline of more than 100 potential investment opportunities. SP Venture will apply the following principles to prioritize the most promising opportunities and steer investment decisions:

- **Focus on Small and Medium Size Farms.** The greatest Agtech opportunity, both in terms of potential commercial success and impact, is investing in startups whose business models can help less productive and environmentally vulnerable SMSFs catch up. While the largest and best equipped farms are typically well served by the Agro Industry and highly advanced but very costly technological solutions, LAC?s 14 million smallholder farms have low access to these capital-intense solutions and require new-to-the-market Agtech solutions.

- **Focus on start-ups with a producer-centric approach**. SPV prioritizes enterprises with business models that do not require large upfront investments, but rather offer accessible options, such as small monthly payments. It also places emphasis on collaborations with rural technical assistance providers (agricultural extensionists) that conduct foundational capacity building and education to farmers[1][1]. Given that the issues faced by SMSFs encompasses both challenges at the farm-level and through the value chain (commercialization channels, access to fair prices, financing, etc.), the Fund targets technological solutions applied to agriculture from production all the way to distribution (?farm to shelf?)[2][2].

- **Focus on transformational impact and transversal climate approach.** SPV prioritizes investments in start-ups with the potential to generate widespread and sustained transformations in agriculture, thus promoting inclusion and better livelihoods among small and medium producers and rural communities. In addition, SPV prioritizes investments that promote sustainability by leveraging agtech to reduce the intensity of natural resources use (water, energy, land) in agriculture and to improve the resilience of vulnerable farms to climate change effects.

Investment Thesis. Actual investment decisions of the Agventures II will be influenced by the universe of agtech start-ups aligned with the principles described above. However, according to SPV?s assessment of the market in LAC, the most promising opportunities, in terms of agtech developments and activities, include:

- **Making precision agriculture and digital farm tools accessible to SMSFs to upgrade productive performance.** Such solutions include: i) farm management systems, which can guide business management decisions; ii) precision agriculture platforms to guide farm?s crop management remotely[3][3]; iii) ?smart? irrigation techniques to decrease water consumption while increasing yields; iv) field technologies to monitor growth and nutrition of plants and conduct early pest detection.
- **Improving market conditions and value capturing for SMSFs through value-chain solutions.** SMSFs still face multiple constraints to participating at fair and transparent conditions in ag value chains, therefore capturing a low share of the final value. New digital solutions include digital marketplaces, platforms that facilitate the inclusion of SMSFs in trading and exporting at fair prices, and disintermediation of value chains through new logistics and distribution solutions.
- **Expanding financial services to underserved smallholders.** New forms of digital identity, enhanced credit scoring models, and digital credit platforms have the potential to improve competition in agriculture financing, develop loans products that match the specific needs of SMSFs, and reduce cost of financing to vulnerable producers.

- **Developing new models of agricultural insurance.** The combination of remote data collection techniques (especially satellite imagery and drones) and advanced data analytics is opening a new space for the development of agricultural insurance products that are more accurate, less operationally costly and more transparent, thus increasing access to these products, stabilizing incomes and increasing climate resilience of SMSFs.
- **Introducing biological alternatives to agrochemicals for pest and pest control**. New biological solutions involving pest-controlling organisms, micronutrients and probiotics can lower such costs while preventing over-exposure for plants and humans.
- **Developing healthier food ingredients and processes and reducing waste-intensity of food systems.** Innovative food ingredients and healthier food processing techniques are gaining traction, as well as new, less wasteful forms of agricultural production.

1 A (D) ALIGNMENT WITH GEF FOCAL AREA AND/OR IMPACT PROGRAM STRATEGIES

Agventures II has the objective of supporting the consolidation and scaling up of innovative Agtech startups/technologies that will offer productivity, market, and environmental solutions to the agricultural sector. The focus of the Fund?s investment thesis is on firms that develop technical innovations for the benefit of Small and Medium-sized Farms (SMSFs) ? both at the farm level and along agricultural value chain. The Fund?s approach to environmental impact focuses on leveraging technology to reduce the intensity of use of natural resources (water, energy, and land) in agriculture and improve climate resilience of vulnerable farms. The fund is expected to contribute to improving the livelihoods, environmental outcomes and climate resilience of SMSFs across LAC, while also helping develop the Agtech entrepreneurial ecosystem and preserve the environment. Given its objective and expected benefits, the Fund is aligned with GEF?s focal areas of Land Degradation, Climate Change, and Chemicals and Waste. Through its portfolio companies, its governance and technical roles, the Fund will be able to deliver several social, environmental and economic results related to these focal areas.

LAND DEGRADATION ?

The Fund will seek investments in technologies that directly and indirectly will enhance the proper use of land and reduce its degradation. Making precision agriculture and digital farm tools accessible to upgrade productive performance of SMSFs is part of the Fund?s investment thesis. While productive and typically large farms have access to abundant capital and last generation machinery, most of the region?s SMSFs have no access to precision agriculture and digital tools, which could be useful tools to enable them to escape the low productivity trap while preserving natural resurces. Such solutions include: i) farm management systems, which can guide business management decisions; ii) precision agriculture platforms to guide farm?s crop management remotely[1]; iii) ?smart? irrigation techniques to decrease water consumption while increasing yields; iv) field technologies to monitor growth and nutrition of plants and conduct early pest detection.

Expanding financial services to underserved smallholders also plays a role in this area. The Fund will seek investments in startups that operate in the intersection of agtech and fintech hence leveraging technology to expand the access of financing to vulnerable smallholders. New forms of digital identity, enhanced credit scoring models, and digital credit platforms have the potential to improve competition in agriculture financing, develop loans products that match the specific needs of SMSFs, and reduce cost of financing to vulnerable producers.

CHEMICALS AND WASTE ?

The Fund will seek investments in biological alternatives to agrochemicals for pest and pest control. Apart from accounting to up to 60% of the production costs of SMSFs, chemical ag defensives lead to chemical residues that are a hazard to the environment. New biological solutions involving pest-controlling organisms, micronutrients and probiotics can lower such costs while preventing over-exposure for plants and humans. In addition, investments in this area will help to reduced risks on human health and the environment through: (i) reducing and eliminating production, use and releases of Persistent Organic Pollutants and their waste and (ii) sound management of chemicals and waste of global concern.

Indirectly related to this area is 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 healthier food processing techniques (e.g. replacing unhealthy flavoring substances) are part of 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.

CLIMATE CHANGE ?

The Fund will seek investments in companies whose technology or services will: (i) mitigate greenhouse gas emissions and increase carbon sequestration in production landscapes, (ii) **i**ncrease adoption of innovative technologies and management practices for GHG emission reduction and carbon sequestration, and (iii) conserve and enhance carbon stocks in agriculture, forest, and other land use.

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[1] Recent precision agriculture companies have shown promising results such as: precision fertilizer application can increase yields in up to 20% while reducing fertilizer consumption, precision plating can increase yields in 13%, and precision (localized) application of agrochemicals can decrease the consumption in 60% while raising yields more than 10%.

1 A (E) INCREMENTAL/ADDITIONAL COST REASONING AND EXPECTED CONTRIBUTIONS FROM BASE LINE, THE GEF TRUST FUND AND CO-FINANCING

Despite the tremendous negative impact that Covid-19 is having (and has had) on society and the investment industry, Agventures II was able to closed its first round of capital raising (Operational Closing) during July 2020 by securing a capital commitment of over $18 Million. In addition, SPVentures is in the final phase of negotiating documentation with IFC, Adisseo, and the Mosaic Company for an additional $15.50 Million that is expected to be closed by the end of August 2020. The closing of this first round of capital allowed the Fund to start its operations, assess and prioritize its pipeline, and be ready to execute its first investments while continuing to raise capital. The Fund Manager is allowed (as stipulated in the Limited Partnership Agreement) to hold, at its discretion, subsequent closings over a specific time period. Such period is 12 months after the Operational Closing or first closing. Investors in subsequent rounds would have the same rights as the those of the investors participating in the first round. The closing of this initial ~$30 million in capital commitment is very positive but is not enough to achieve what the fund intends to acomplish. In order to achieve economies of scale and a regional coverage, the Fund needs to reach its target of $60 million in capital commitment.

One critical co-financing component to take into consideration is the amount of money that would be mobilized by investors (other than the Fund) in the Fund?s portfolio companies. It is estimated that by year 10th of operations, the Fund would be able to mobilize over $150 Million in investments by third parties.

Assuming a Fund?s final capital base of $60 Million, GEF?s $5-Million participation will be leveraged 12X, and 30X with respect to the $150 Million portfolio companies are expected to raise from third-party investors.

Considering the timing of GEF?s approval process, it is estimated that GEF capital could be committed by the third round of capital raising. It is worth emphasizing how critical it was for the Fund Manager to have closed the first round of capital in a timely manner in order to start operations, keep the momentum of the capital raising, and prove to the other potential investors that the Fund?s business plan is attractive to investors even under extremely difficult global financial and social circumstances.

Due to their innovative investment strategies and catalytic roles, multilateral/development organizations and institutions such as GEF and the IADB tend to participate actively in the early funding of these venture capital funds. Having credible and globally recognized partners as investors, such as GEF and IADB, tends to enhance capital raising and governance. The proposed investment by GEF would serve as a vote of confidence to attract investors from the private sector, and help mainstream the investment platform for these business models. AS mentioned above, the Fund will also attract private sector interest at the portfolio company level, as some private investors will be attracted to firms in funds supported by the IADB- and GEF. GEF?s involvement as an investor would provide an important advisory opportunity, enabling GEF to draw on its extensive experience in fostering Agtech investments to strengthen the Fund's efforts and to advance the evolution of natural capital as an asset class.

GEF?s catalytic role is critical for this Fund. Conventional institutional investors are increasingly seeing the synergies of maximizing their returns while at the same time minimizing environmental impact; however, they are risk adverse with respect to the sector and the LAC region, thus concentrating primarily on other opportunities like clean energy that appear more ?mainstream?. SP Ventures (as fund manager) is well established and remains the only investment vehicle dedicated to solving the problems of agricultural producers (and related environmental implications) with focus on small and medium-sized farms in the region.

Aside from IADB, the Fund?s set of investors will comprise global agricultural corporates, development financial institutions, private companies, family offices, and individual investors among others. GEF?s participation would be an invaluable to providing continued leadership in investment in agricultural goods and services, which is still an underserved market, languishing for funding despite growth in the impact investment field.

1. A (F) GLOBAL ENVIRONMENTAL BENEFITS

Given the Fund?s investment focus/strategy, and the Fund Manager?s: (a) knowledge of the AgTech sector, (b) knowledge of the region, and (c) previous experience managing similar investment vehicles, three main areas have been identified in which the technologies and/or companies part of the investment portfolio would have a direct or indirect environmental impact. Such areas are the following:

Chemicals and Waste

? Reduced risks on human health and the environment through reducing and eliminating production, use and releases of Persistent Organic Pollutants and their waste;

? Reduced risks on human health and the environment through sound management of chemicals and waste of global concern.

Land Degradation

? Improved provision of agro-ecosystem and forest ecosystem goods and services;

? Mitigated/avoided greenhouse gas emissions and increased carbon sequestration in production landscapes;

? Conservation and sustainable use of biodiversity in productive landscapes;

Climate Change Mitigation

? Mitigated GHG emissions;

? Increased adoption of innovative technologies and management practices for GHG emission reduction and carbon sequestration;

? Conservation and enhanced carbon stocks in agriculture, forest, and other land use;

Any other areas of environmental impact will be confirmed when the Fund ends its investment period in 2026. However, such areas would be gradually identified and reported on as part of the quarterly reports to be produced by the GP for Limited Partners.

Additional Environmental Benefits

In addition to the expected Global Environmental Benefits, described above, it is estimated that the Fund, as an Agtech investor, could have an environmental impact on the following additional areas:

a) Climate Change - Technologies can help farmers adapt to climate change

? Weather data and information technologies

? Genetic technologies

? Biological seed treatments and soil amendments

? I Indoor agriculture

b) Water: Technologies focusing on conserving and optimizing the use of water

? Water management technologies

? Irrigation technologies

c) Food Waste: Technologies that can help reduce, avoid or repurpose waste

? Post-harvest technologies

? Waste repurposing technologies

d) Farmer Welfare and Smallholder Empowerment

? Farm Management System

? Content, Education and Social Media

Project?s Target Contributions to GEF 7 Core Indicators

Core Indicator	GEB Estimate	Unit
(#4) Area of landscapes under improved practices	11,785,386	Hectares
(#6) Greenhouse Gas Emissions Mitigated	14,548,035	Metric tons of carbon dioxide equivalent
(#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.	14,770	Metric tons of toxic chemicals reduced

The Excel file *?AGVentures II GEF GEB Estimates V-March 2021?* has provides further clarification on the actual numeric calculation (and assumptions) of the Core Indicators. In addition to that information, the following clarification relates specifically to Core Indicator #9:

One of the benefits to be produced by the technologies by the Fund's portfolio companies is the reduction in the use highly hazardous pesticides (HHPs). The POPs pesticides banned under the Stockholm Convention are banned in almost all countries in Latin America especially in the countries where the Fund intends to invest in. If in the unlikely situation in which the Fund may be considering investing into a company that either directly or indirectly is related to the use of POPs, then that transaction will not be executed as stated in the Fund's Environmental and Social policies. However, there is a long list of HHPs still used by farmers in the region which are the target of the technologies to be developed by the Fund's portfolio companies. The number provided above (12,308) for Core Indicator #9, is the estimate of the reduction of such HHPs. Below, a table enumerating the Top 10 most used HHPs in Brazil, USA and Europe which shall be part of the GEBs delivered by the Fund.

		Brazil	USA	EU
Glifosato	Herbicide	1	1	1
2,4-D	Herbicide	2		
Mancozebe	Fungicide	3		

Acefato	Inseticide	4		
Atrazina	Herbicide	5	6	
Dicloreto de paraquate	Herbicide	6		
Imidacloprido	Inseticide	7		
Composites Copper base	Fungicide	8		7
Enxofre	Fungicide/Insecticide/Fertilizer	11		
Diurom	Herbicide	12		
S-Metolacloro	Herbicide		2	
Piraclostrobina	Fungicide		3	
Mesotriona	Herbicide		4	9
Acetocloro	Herbicide		5	
Azoxistrobina	Fungicide		7	10
Dicamba	Herbicide		8	
Bifentrina	Inseticide		9	
Sulfentrazona	Herbicide		10	
Protioconazol	Fungicide			2
Fluxapiroxade	Fungicide			3
Tebuconazol	Fungicide			4
Epoxiconazol	Fungicide			5
Flufenaceto	Herbicide			6
Mesosulfuron	Herbicide			8

1. A (G) INNOVATIVENESS, SUSTAINABILITY AND POTENTIAL FOR SCALING UP

(I) INNOVATION:

This project is truly innovative. Agventures II will be the first regional venture capital fund specialized in and exclusively focused on Agtech. The decision to propose an investment in this Fund is based on the distinguished capacity of the Fund Manager (SPV) to leverage Agtech to generate environmental and social impact while helping develop Agtech-focused enterprises in the region, as detailed below:

? Climate Smart Agriculture: SPV seeks to support innovative Agtech early-stage companies with novel technologies and solid business models. Its investment thesis focuses on the final rural constituencies ? specifically SMSFs, often in vulnerable rural communities, and the environment ? using innovation and technology as tools to generate positive transformation. As such, SPV?s approach has proven to nurture Agtech startups with the potential to: (i) bring lasting change, (ii) contributing towards inclusion, (iii) produce environmental contributions, and (iv) generate sustainability and better economic outcomes.

? Capacity to support entrepreneurs beyond financial investments: SPV?s management team unites Agtech-expertise, a multidisciplinary set of business skills and experience in VC investments, a combination that is required to effectively support Agtech entrepreneurs. Besides providing capital, SPV performs hands- on Agtech-specialized mentorship and ongoing strategic guidance, supporting entrepreneurs in multiple dimensions of the business as they grow. Common areas of guidance and support include agronomic and ag-specific technology building, product development to best match the needs of the SMSFs, team building, product placement in the ag sector with specific marketing and sales efforts and scaling up strategies.

? Well-positioned to assume a regional protagonist role in Agtech: SPV has 12 years of experience in Agtech investments and has been a forerunner of the sector in Brazil. It initiated its regionalization two years ago by expanding its ecosystem engagement and investments to Argentina.

? Contribution to the innovation ecosystem: Investing in a less mature vertical such as Agtech requires a VC fund to take an active role in helping develop the entrepreneurship ecosystem. SPVentures founded , in collaboration with ag corporates such as Mitsubishi and Ra?zen , an Agtech accelerator called the ?Pulse?, and co- founded the Agtech district in the countryside of S?o Paulo state in Brazil (known as ?Piracicaba Valley?), which unites universities, tech centers, corporates, accelerators, co-creation spaces and associations of producers as a hub to co-develop Agtech solutions.

(II) SCALABILITY:

The scalability potential of the project can be described at different levels: (a) At the ecosystem level- by establishing the first Agtech-focused regional VC fund, the project will contribute to the emergence of the VC industry in the field of Agtech and attract other VCs to specialize and invest in the sector and engage in Ag- related ecosystem building initiatives, (b) At the fund level - SP Ventures will be the first Agtech-only regional fund in LAC with the potential to become a leading fund of its kind and to expand operations through successive funds with increasing capitalization and internal capacity, and (c) At the portfolio companies? level - if the Fund is successful, this strategy will translate not only into a number of high-impact disruptive Agtech start-ups which will introduce Agtech solutions that could have widespread and sustained impact, but also act as multiplier trigger for other Agtech entrepreneurs across the region, inspiring them to build Agtech businesses, overcome the ?Valley of Death? and reach higher scale. In addition, the portfolio companies will be able to attract private sector funding (by co-investing with the Fund in such companies) and hence be able to scale up its operations at a regional basis.

(III) SUSTAINABILITY:

Sustainability of the Fund will depend on the appropriate selection and diversification of investments which in turn would depend on the level of capitalization of the fund, expertise and capabilities of the Fund?s investment team, and its ability to execute investments with a reasonable potential to succeed.

A Fund that is under capitalized would not have the resources to achieve scale and hence would be short of achieving its intended financial, social and environmental returns. SP Ventures, as of end of July 2020, has executed subscription agreements for over $18 million and is in the process of finalizing documentation for additional capital commitments for over $15 Million which would bring the capital base to close to $34 Million. SPVentures will have 12 months additional months, from July 2020, to raise funds to achieve the intended target of $55 Million to $60 Million target. Asset diversification is essential in managing investments. The fund manager expects to allocate 60% of the fund?s capital among in Brazil, Argentina, Paraguay and Uruguay, and the remaining funds throughout the region. Furthermore, as the fund builds its investment portfolio, the fund manager will be careful to keep a diversified investment portfolio with respect to technologies and sectors in order to avoid unnecessary risk due to ill-diversification of assets.

1b. Project Map and Coordinates

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

Latin America is the Fund's geographic focus. The fund manager expects to invest up to 60% of its capital in Brazil, Argentina, Paraguay and Uruguay, and the remaining capital in other countries throughout the region.

1c. Child Project?

If this is a child project under a program, describe how the components contribute to the overall program impact.

NO

2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Civil Society Organizations

Indigenous Peoples and Local Communities

Private Sector Entities Yes

If none of the above, please explain why: No

Since this is an investment vehicle and a private initiative, the main stakeholders are: (1) Potential investors in the Fund (= potential Limited Partners), (2) the future/ potential portfolio companies in which the Fund would invest (which are only contacted once the Fund is operational, in other words, during execution, specifically the Investment Period of the Fund), and (3) the users of the agricultural technology solutions to be provided by those portfolio companies (also not identifiable until well into the Investment Period, as the universe of users depends significantly on the types of agtech solutions the Fund will invest in). Thus, the main interaction during project preparation was with the potential Limited Partners.

To consult with this set of stakeholders, the main consideration from the Fund Manager was to identify a set of potential investors who would share the same triple-bottom line mission, which means investing in a vehicle that would generate social and environmental benefits while being financially sustainable and producing reasonable returns for its investors. The General Partner had multiple meetings with and presentations to potential investors to present its business plan in order to obtain their capital commitment.

During the submission phase of the PIF, comments and clarifications on stakeholder engagement were requested by some GEF Council members, which were addressed in the table below.

Please provide the Stakeholder Engagement Plan or equivalent assessment.

Given that this project, as a private initiative, represents an investment into a venture capital fund, several stakeholders that typically have a prominent role in GEF projects ? such as governments, regulatory agencies and CSOs - in this specific case will not have involvement 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.

Notwithstanding, the Fund?s bylaws include a Social and Environmental Policy as well as an Exclusion List based on IADB and IFC standards. These documents, which will guide the Fund during its due diligence (and operations) process, take into considerations 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.

Moreover, members of civil society and local communities ? especially local farmers ? are the principal clients and potential users of the agtech 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 and impact on clients as part of standard due diligence processes.

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how 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:

Stakeholder	Description of engagement

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 have 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 impact on their clients. The project is expected to contribute to improving the livelihoods, environmental outcomes and climate resilience of SMSFs across LAC, while also helping develop the Agtech entrepreneurial ecosystem.

Select what role civil society will play in the project:

Consulted only;

Member of Advisory Body; Contractor; No

Co-financier; No

Member of project steering committee or equivalent decision-making body;

Executor or co-executor;

Other (Please explain) Yes

Civil Society will not have a direct involvement in the operations of the Fund. However, the Fund and its portfolio companies will work closely with public authorities, civil society and/or indigenous groups to ensure that proper environmental and social safeguards are in place and that the Fund's operations comply with local laws and requirements.

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

SP Ventures, the General Partner and Fund Manager for the AgVentures II fund, has been actively involved in supporting gender equality within its own organization and in the organizations it invests in, thereby contributing to reduce the (very considerable) gender gap that currently persists in the Agtech industry. [Please also see attached document on Integration of Gender & Diversity in Investments under the AgVentures II Equity Fund for further information on the gender-responsive measures that form part of SP Ventures approach to fund management.]

In the AgVentures I fund, SP Ventures has been promoting and mentoring women entrepreneurs in Agtech, which has contributed to the fact that 30% of the AgVentures I portfolio companies have been founded by women and 15% have women founder CEOs. (While these numbers are a long way from ?gender equality?, they are remarkable within the industry context.) For AgVentures II, SP Ventures will continue to apply the approach that has led to these results in the context of AgVentures I. Specifically, SP Ventures will (i) consider measures of diversity (team members that are women, LGBTQI+ and/or people with disabilities) when identifying companies eligible for investment; (ii) provide tailored mentoring to promote the professional development of women in the portfolio companies, (iii) promote the presence of women on the Board of its portfolio companies, and (iv) raising profiles of women entrepreneurs in the industry, having found that success stories are the most powerful mechanism to overcome cultural hurdles to women?s empowerment.

These measures are expected to lead to the following result included in the results matrix:

Component 1: Equity Investment	Year 2	Year 4	Year 7	Year 10	Sources of Information
Percentage of the portfolio companies that have at least one woman as co-founder / co-owner or CEO *	20%	30%	30%	30%	*Fund manager?s and IDB Lab?s monitoring systems*

In addition, SP Ventures will monitor during the operation of the fund and report to IDB on the following gender-disaggregated indicators:

1. Number of women in the workforce of portfolio companies.
2. Number of women in rural areas estimated to benefit from Agtech solutions provided by portfolio companies.

3. Number of direct and indirect net jobs created for women by portfolio companies.

While no explicit targets have been set for these three indicators, SP Venture?s experience with AgVentures I has shown the power of measuring these numbers, taking them into consideration in due diligence and training processes, and discussing their implications with portfolio companies to foster greater participation of women at all levels of the organizations.

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?

Yes

Closing gender gaps in access to and control over natural resources;

Improving women's participation and decision making Yes

Generating socio-economic benefits or services or women Yes

Does the project?s results framework or logical framework include gender-sensitive indicators?

Yes

4. Private sector engagement

Elaborate on the private sector's engagement in the project, if any.

GEF?s participation, via its NGI window, will serve to leverage the participation of the private sector. The participation of, and 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 investment in private companies primarily in small and medium enterprises (SMEs) which would be owned by private companies and/or private individuals. In addition, the private sector will: (i) invest (as limited partners) via private entities in the Fund and would share the investment risks/profits with GEF, and (ii) gain knowledge gathered and shared by the Fund as it operates and invests in its target sector.

Private sector participation would comprise global agricultural corporates, Latin American agricultural corporates, institutional investors, private companies, individual investors, family offices from the region, and other organizations that share GEF?s and IADB?s social and environmental mission.

5. Risks to Achieving Project Objectives

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

Risks associated to this project are similar to those of other VC funds doing business in the LAC region and to those of VC funds in which IDB Land and GEF have co-invested before. These risks include:

(a) **Covid-19:** Given the economic and social material impact of this health crisis on society and businesses, one of the main risks being faced by SP Ventures was that the capital raising effort would take much longer (and possibly risking the life of the project) than planned primarily since potential investors into the Fund were also facing unknown business scenarios and hence reassessing their investment strategies along with their own economic capabilities to execute them. **Considerations/facts:** The Fund manager had expected to complete the first round of capital raising by the end of March 2020 but given the Covid-19 crisis the closing of the first round took an additional 3 months which it turned out to be a non-material delay. Given the relevance of the Agriculture sector in Latin America, the Fund manager was able to continue dialogs with several potential investors committed to not only the sector but also to the social and environmental potential benefits of AgVentures II. The Fund manager was able to successfully close the first round of capital raising in June 2020 for $17 million which allowed it to start operations and execute on several dude diligences it had conducted.

Although the investment pipeline did not suffer a material impact, SP ventures had to realign the timing of some of its investments . The investment pipeline, as of January 2021, is active and with several transactions to be executed during 2021.

As of December 31, 2020, SPVentures raised ~$34 million and currently several institutional investors are conducting due diligence (or in financial negotiations with) on the Fund. The aggregate amount of new capital commitments is over $23 million. This is a strong vote of confidence not only on SPVentures? track record and capabilities but also on the investment thesis and the Agtech sector in Latin America.

As mentioned above, the execution of the pipeline was not affected materially. The Fund successfully executed 3 investments in the first 5 months of operations during 2020 which included: (a) Agrofy (Argentina, $2 Million), Leaf (Brazil, 0.50 Million), and Traive (Brazil, $1 Million). For the first half of 2021, the Fund has an imminent set of investments to be executed which include: (a) GeoEnergetica (Brazil, $4 Million), (b) Cromaii (Brazil, $2 Million), and (c) Genica (Brazil, $3 Million). All these (executed and potential) investments amount to $12.50 Million or 36% of the $34 Million raised which reflects the execution capabilities of SPVentures.

The Agtech sector has proven to be very resilient to crises like Covid-19, pipeline remains healthy and interest from investors has not been impacted. Although economies in Latin America have been, and are being, impacted by the ramifications of Covid-19, the Agriculture sector is the one that has being affected the least and has remained as a sustainable source of employment.

(b) **Sector Risk:** The technology sector can be volatile and subject to dynamic disruptions that may negatively affect the business models of portfolio companies. **Considerations:** The Fund will strive to diversify its portfolio among different segments within Agtech sector and several different businesses models. To closely monitor the financial performance, the Limited Partners will receive quarterly and annual reports on the performance of the Fund and be provided access (on a case-by-case basis) to the portfolio companies.

(c) **Currency Risk:**

Unlike transactions with debt instruments (i.e. loans) where derivatives (i.e. swaps and/or forwards) can be used to diminish the impact of foreign exchange (forex) risk, equity investments by VC funds are not feasible to be hedged with these instruments. It is worth clarifying that even in the case of loans, the use of forex hedging is not necessarily universal. Some currencies (primarily from smaller economies or countries under political/social turmoil) are not liquid enough hence hedges for these currencies could be non-existent or too expensive.

It is customary for Venture Capital funds to make equity investments primarily in hard currency (USD, Euros). In this case SP Ventures would receive US Dollars from its Limited Partners and invest such monies into equity positions in portfolio companies in USD denominated terms. Being equity investments, the money does not need be returned by the portfolio company. These monies are kept, by the company, in USD in bank accounts and are gradually converted in local currency, based on a planned schedule of use of proceeds. In some cases, the USD investment will be used by the portfolio company to make payments on US denominated assets and/or services and in some other cases the money will be translated into local currency to make payments on assets and/or services in that currency. Since investment are kept in USD denominated accounts until they are put to operational use by the portfolio firm, FX risk is further minimized.

There are two important points to highlight: (1) As a regional vehicle, the Fund would be making investments into companies throughout many countries in the region and hence creating an organic hedge by being exposed to different currencies which do not necessarily would have positive correlations, and (2) depending on the line of business (including types of clients) of the portfolio companies, their revenues would have a blend of hard currency and local currency (this blend would de different by company) which would create another organic hedge.

In some instances, the Fund would provide quasi equity/mezzanine (i.e. convertible notes) to its portfolio companies. There is a wide set of ways to structure these instruments which normally reflect the needs and expected cashflow of the company, growth rate of the company, and likelihood of liquidity events. Although these instruments have a debt component, it does not necessarily reflect the terms and conditions of straight debt (i.e. unsecure or secure senior loans) since most of the time the debt is converted into equity.

In general, the use of hedging for quasi equity instruments is not a normal practice in the venture capital industry. Additionally, hedging an investment position (with variable or uncertain payment periods) to a company located in a small economy could be extremely expensive and assuming the hedge is available. Providers of forex hedges do not normally work with the kind of debt instruments used by VC or PE funds. There are several mechanisms that a company can use to hedge its USD regular straight debt (i.e. loans). One of them being the use of back-to-back operations which have been used by microfinance institutions globally for many years. However, this task is responsibility of the company itself. The Fund Manager may advise the company on such mechanisms if needed. If the company where in need of straight debt, most likely would be to finance working capital. In these situations, a local financial provider may be another option for such need.

As stated before, the Fund has a ten-year life horizon, and would follow a regional strategy that is expected to generate enough financial upside to compensate for any effects derived from moderate exchange rate fluctuations.

(d) **Exit Risk:**

Exiting investments in early-stage companies is a challenge in emerging markets and Latin America is not the exception, especially for a less mature vertical like Agtech sector. **Considerations:** Potential acquirers and subsequent investors of each portfolio company will be engaged early in the process in order to secure exit opportunities, leveraging the SPVentures? wide network. The GP has an extensive network of contacts worldwide (that shall be expanded as the Fund starts operations) that would serve as platform to find a suitable buyer for the Fund?s equity positions.

Furthermore, SP Ventures would capitalize on the network of the IFC, IADB and Capria not only to generate pipeline but also to identify potential bidders for its portfolio companies. Equally important, is the fact that Sygenta and BASF (two of the other anchor investors) are two main global participants in the Agtech world and additional sources for the identification of acquirers of the Fund?s equity positions.
Additionally, SP Ventures has developed and is developing relationships with Brazilian and international M&A and investment banking firms that would facilitate with the identification of bidders for Agventures II portfolio companies as well as with the sale process. For instance, SPVentures has developed a strong relationship with Greenhill (a prestigious M&A boutique in Brazil) that already has conducted sell processed for two portfolio companies fo AgVentures I (Inprenha and Promip). While Promip is still

underway, results with Inprenha were positive with Greenhill helping to double the bidder?s price during the due diligence phase.

(e) **Financial Risk:** The Fund will invest in early stage businesses that may undergo substantial changes at the operational, human resources and governance levels in order to propel growth. The Fund may incur in losses and be unable to realize the expected financial returns or even recover the invested capital. **Consideration:** The Fund Manager has experience with similar investments through a previous fund (AgVentures I). For AgVentures II, the Fund Manager will invest in 20 to 30 companies as a mechanism to 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 fud 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.

(f) **Economic and Political Risk**: 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.

(g) **Environmental & Social Integrity Risk:**

The operations of the Fund?s portfolio companies may have negative social and environmental impacts.
Considerations: 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 of SMSFs and enable climate mitigation strategies in high carbon-intensive ag segments (i.e. cattle ranching). The Fund will not invest in agribusinesses or farms per se but rather in companies developing technologies for the agricultural sector. As such the social and/or environmental negative impact of the Fund is very low or non-existent.

In addition, prior to executing any investment, the Fund Manager will undertake a rigorous environmental and social screening and evaluation process. The Fund Manager will develop, with the technical support of E&S experts, an environmental and social system/tool customized to the Agtech sector. This tool will be used to screen and monitor portfolio companies in terms of key compliance indicators and can ultimately serve as a benchmark for other Agtech Venture Capital funds operating in the region.

Furthermore, the Fund Manager will make investments in full compliance to the terms and conditions part of the Limited Partnership Agreement (LPA) to be signed between the Fund Manager (General Partner) and each Limited Partner (Investor). The LPA includes a section on Limitations on Investments as well as an Annex detailing a comprehensive exclusion list of investments. Every time the Fund Manager proposes an investment to the Investment Committee such proposal will abide by the terms and conditions of the LPA including social and environmental considerations. These SEG screening considerations will follow IDB?s, GEF?s and IFC?s policies which together creates a comprehensive screening tool. Furthermore, the LPA also includes an Exclusion List to which the GP has to abide to.

IDB Lab will manage GEF-related reporting and accountability requirements and liaise with the IDB-GEF and GEFSec teams during the Fund?s implementation, to ensure investments are in line with these policies (incl. seeking guidance on the development/enforcement of investment exclusion lists as applicable, to guide investment committee decisions). As a result, all funding requests will be evaluated against GEF and IDB policies, such that proposals approved meet these criteria (incl. financial and GEB potential).

(h) Climate Risk:

Sensitivity to climate change and its impacts has been assessed as part of the Fund?s operational and investment strategies (see ?Climate Screening? in annex). **Considerations:** 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 good 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.

6. Institutional Arrangement and Coordination

Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

The IDB Lab, has extensive experience in helping to design and participate in investment vehicles. During the last 25 years, the IDB Lab has invested in close to 80 investment funds out of which over 50 are still active and are SME focused investment funds covering Latin America and the Caribbean. In addition, the IDB Lab has been a strong force in developing best practices in the small and growing business investment niche. This experience, together with IDB Lab?s collaborative relationship with fund managers gives IADB a comparative advantage over other regional development agencies in terms of successful oversight and implementation of investment vehicles like AgVentures II.

Given SPV?s active elaboration and dissemination of Agtech-related knowledge products (please refer to Section 8 ?Knowledge Management?), IADB and SP Ventures will be able to co-develop Agtech knowledge agenda focusing on the research of topics defined as priority by IADB such as: i) different models of tech adoption and scale-up of Agtech solutions by SMSFs; ii) gender and excluded populations approaches in Agtech; and iii) convergence of Agtech and Fintech models. To that end, SP ventures portfolio companies can be used as cases in point and sources of valuable data.

Venture Capital in Latin America has been growing gradually for the last 10 years. According to the Latin America Venture Capital Association (LAVCA) 2019 Annual Review, venture capital investments in the region marked a record year, in 2019, having reached over $4.6 Billion in investments compare to only $146 Million in 2011. Despite this record volume of capital invested, less than 2% was invested in Agtech/Foodtech in Latin America.

Agventures II is the first regional Latam venture capital fund specialized in and exclusively focused on Agtech, and hence the Fund will serve as catalytic for the participation of the private sector throughout the region. The Fund will attract private sector interest at the level of portfolio companies, as private sector (financial and investment) entities will be attracted to provide capital to the portfolio companies part of a fund managed by a reputable General Partner and supported by reputable Limited Partners. The co-financing by the private sector in portfolio companies is a critical value added of this Fund.

The Fund will be able to interact with the other funds, still active, in which IDB Lab and GEF have co-invested like EcoEnterprises II - (GEF ID: 4959), H-REFF (GEF ID: 4959), MSEF I (GEF ID: 4959), CABEF (GEF ID: 5388), and EcoEnterprises III - (GEF ID: 9058). The Fund would be able to interact with these funds and share knowledge related to the region, sectors, governance, and lessons learned among other topics.

From the operational perspective, SP Ventures would not have to coordinate with any other fund or similar initiative. SPVentures, as Fund manager, has led more than 30 tech venture capital investments in LATAM, nearly 20 of these in the Agfood tech space. It is considered the most experienced venture investor in the agriculture technology landscape in the Latin American region. However, by being part of the Latin American VC ecosystem, SP Ventures will be in interaction with other VC funds as well as: (i) development financial institutions (IFC, USDFC, CAF), (ii) multilateral organizations, (iii) foundations and (iv) environmental concerned corporates and organizations. This interaction will provide and valuable platform to exchange lessons learned, and share market and sector intelligence.

Given its regional business scope, the Fund will help to enhance the VC and Agtech ecosystem in the region by not only investing in the sector but also by interacting, coordinating activities, executing formal cooperation agreements, and knowledge sharing with local incubators and accelerators, local institutional investors, local development (technology and investments) institutions, and research institutions to name a few.

With respect to GEF projects, there are a several projects that have some overlap with the Fund's mandate that could be a source of knowledge sharing among the participants. These projects include, but are not limited to: GEF # 5754 (Climate Smart Agriculture Fund for Latam and the Caribbean), GEF #10198

(Amazon Sustainable Landscapes Program), GEF # 9589 (Ecosystem-based Biodiversity Friendly Cattle Production, Panama), GEF # 10633 (Green Finance for Sustainable Landscapes joint venture), and GEF #10497 (Conservation and Sustainable Agriculture Fund for Developing Countries).

7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assesments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

AgVentures II, is a private company and a regional investment vehicle, that focuses on addressing region-wide priorities where the private sector can make a significant contribution. The Fund, given its nature, does not have to comply with the national climate action plans of each country where it may invest in, but it is expected to contribute to the generation (through its portfolio companies) of environmental benefits related to climate change, land degradation and chemicals and waste in the Latin American region, while also helping to develop the Agtech entrepreneurial ecosystem in the region.

The Fund?s (direct and indirect) expected results are aligned with the objectives and priorities of a considerable number of LAC countries.

As described in other parts of the proposal, more than half of the food produced in LAC comes from the region?s 14 million smallholders, which account for 80% of the rural properties in the region and represents 64% of agricultural employment. Most of these small farmers are trapped in a low productivity cycle characterized by low technology, poor farm management practices, high productions costs, inadequate market positioning and unfavorable conditions to compete in the value chains, leading to small margins, low income and vulnerable livelihoods.

Agriculture is one of the most carbon-intensive activities, contributing to 40-60% of GHG emissions directly or through land use changes. Agriculture production accounts for about 70% of consumption of water (often with overconsumption given suboptimal irrigation systems), and still represents the main cause for deforestation, biodiversity loss, and degradation of environmentally sensitive areas (such as riparian forests, water springs, etc.) due to the expansion of agricultural frontier. Roughly one third of food production in LAC is lost along the supply chain or wasted by consumers and retailers. It is estimated that the food currently lost or wasted in LAC could feed 300 million people. Therefore, supporting innovative solutions that enable a more efficient use of natural resources in agriculture is crucial to promote climate mitigation strategies.

Additionally, agriculture is also one of the activities most vulnerable to climate change in terms of economic losses and social consequences. Climate change affects agriculture in several ways including: (i) changes in average temperatures, and (ii) rainfall and climate extremes (floods, drought, hurricanes), pests and diseases, and growing sea levels ? which also points to the importance of climate adaptation in agriculture, specially to the most vulnerable producers.

Most of the countries in which the Fund will invest have an agricultural sector that has a relevant participation on their GDP with some of them being large producers and exporters of grains, fruits, vegetables and protein. For instance, Brazil, Argentina and Uruguay are the largest producers of animal protein in the region.

For all these countries, reducing the negative (social and environmental) effects that an increasing growth of the agricultural business will have on their territories and citizens are matters of concern and hence part of their national priorities. These priorities are in perfect alignment with the benefits (environmental and social) that the Fund is expected to deliver.

8. Knowledge Management

Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.

SP Ventures is an active participant in knowledge creation, elaborating and disseminating educational content to entrepreneurs, and publishing Agtech reports in major ag-dedicated channels such as Agfunder News which is a major global portal on innovations in agriculture. It also has partnerships with multiple universities (such as ESALQ Agronomy School a Brazilian agronomy achool ranked as the 5th best in the world by US News), agriculture research institutes (such as Embrapa in Brazil), rural extension providers, as well as with major global Agtech investors to attract investments to the LAC region. SP Ventures and Embrapa have partnered up in the program ?Ponte para Inovacao? (?Bridge for Innovation?) (based in Brazil) to incentivize Embrapa and Agtech entrepreneurs to co-develop solutions leveraging Embrapa?s vast base of knowledge. SP Ventures now intends to partner with local participants in the region to advance ecosystem building in other countries in the LAC region. All these activities are an integral part of the managing of the equity fund, and hence not listed separately as KM activities.

As reflected in the KM budget below (as well as in Annex E) , IDB Lab plans to conduct KM activities related to the elaboration and dissemination of (i) a sectorial Agtech Thematic Study, mapping of Agtech in Latin America and the Caribbean), (ii) a research study regarding Venture Capital Funds' decision making, and (iii) a study regarding the impact of Agtech solutions in Latin America and the Caribbean, as well as Fund Managers Meeting, which are focused on knowledge sharing, including on ESG and sustainability aspect of the investment portfolio. Given SPV?s active elaboration and dissemination of Agtech-related knowledge products, IADB and SP Ventures also intend to co-develop Agtech knowledge products in IDB Lab priority areas, such as: i) different models of tech adoption and scale of Agtech solutions by SMSFs; ii) gender and excluded populations approaches in Agtech; and iii) convergence of Agtech and Fintech models. As AgVentures portfolio companies would be used as cases and sources of data, and these companies have not yet been selected and also due to issues of confidentiality, no commitment can be made at this point regarding this second set of intended knowledge products. Nevertheless, they relate to IDB Lab priority areas, and the project team will pursue these KM opportunities in collaboration with SPV and the future portfolio companies. At implementation, monitoring and evaluation stages, the timelines and deliverables of knowledge activities, lessons learnt and best practices will be shared via case studies, events and regular fund management operations targeting other investors and stakeholders.

Knowledge management will be funded through IDB Agency Fees, rather than GEF Project financing or Co-financing.

Expenditure Category	Detailed Description	M&E	KM	Responsible Entity
Contractual Services - Company	Analytical and graphic support for KM Activities including three studies: (i) Mapping of Agtech in LAC; (ii) VC Funds' Decision Making; (iii) Agtech's Impact in LAC	0	90,000	IDB Lab
Trainings, Workshops, Meetings	Fund Managers Meetings (Knowledge Sharing Activity)	0	10,000	IDB Lab
Total KM		130,000	100,000	

In the context of generating and disseminating knowledge, it is also worth mentioning that, in 1Q2020, SPVentures was accepted into the well-known and regarded Capria Network. Capria Network is the leading global network of emerging market fund managers (impact investing) collaborating to deliver superior returns and scaled impact. The Capria Network is committed to three core principles: (i) Investing for sustained positive social impact and environmental impact; (ii) Sharing extensive knowledge and connections with other members of the Network; and (iii) Delivering positive financial returns to investors. The 19 member firms are managing assets of more than USD $300 million with presence in 37 countries across Africa, Latin America, and South and South East Asia, and work together to share expertise, best practices, business connections, and investment resources as they deploy venture capital, private equity and innovative debt/equity capital into high growth local businesses. Specifically in Latam, the Capria Network currently has other 9 funds that constantly share deal flow and co-investment opportunities across industries. SP Ventures would be able to capitalize on Capria?s network to develop business opportunities, enhance best practices in governance and develop assessment tools/methodologies to measure environmental and social impact requested by most impact investors including IDB Lab, IFC, and GEF.

9. Monitoring and Evaluation

Describe the budgeted M and E plan

Project Monitoring by Fund Manager and Reporting by Fund Manager to Limited Partners/ GEF Agency:

As critical components of its contractual responsibilities, part of the monitoring process, the Fund Manager will provide to all Limited Partners (LPs), on a periodic basis, a series of documents and reports with the objective to update LPs on the operational and financial performance of the fund. These set of documents/report will include, but are not limited to: (i) unaudited quarterly financial statements, (ii) annual audited financial statements, (iii) quarterly performance information for each of the Fund?s portfolio companies, (iv) annual Fund?s valuation reports, and (v) annual reports on the Social, Environmental, and Governance results matrix. The Fund Manager will also provide any other ad-hoc report or information reasonably requested by LPs.

The cost of these activities to the Fund Manager are incorporated into the fund's Management Fee and hence not listed separately.

Project Monitoring and Reporting to the GEF by the GEF Agency:

As part of its function as an Implementing Agency (and ***using resources from the Agency Fee and IDB's Administrative Budget*** to cover any associated costs, in line with GEF Policy and Guidelines) the IADB will:

A. Prepare an Annual Supervision Report (beginning at the end of the Fund?s investment period) analyzing the fund's governance, the status of the investees, Fund?s financial performance, expected realizations, and compliance with IDB environmental guidelines. The project?s key financial, social, and environmental indicators will be captured in IDB Lab?s reporting system (the annual Project Status Update or PSU) and;

B. Submit to the GEF the following deliverables: i) a yearly report on Project Implementation that should include an assessment of GEF ratings on Global Environment Objective / Development Objective, Implementation Progress, and Risks, ii) a mid-term review that will take place at the end of the investment period - year 6th of operations and would include all parameters recommended by the GEF Evaluation Office and will verify information updated in the GEF Core Indicators, as relevant, and (iii) an independent final evaluation report that will take place at the end of the life (year 10th if not extended) of the Fund. The terminal evaluation will review the final project impact, analyze sustainability of results, assess whether the Project has achieved its objectives, and will deliver an update of the project?s GEF Core Indicators at this stage.

IDB Lab staff will monitor and supervise the investment by: (i) participating in periodic (at least quarterly) meetings/calls with the Fund Manager,(ii) participating in periodic calls between portfolio companies and LPs, (iii) conducting field visits, (iv) attending LPAC meetings (to take place at least once a year), (iv) having ad-hoc periodic calls/meetings among Limited Partners, (v) reviewing quarterly and annual reports, and (vi) managing the transactions of capital calls and reflows generated by the Fund.

Project Evaluations:

The IDB will contract independent consulting services to carry out the mid-term review and terminal evaluations. These evaluations will provide:

1. Review of the effectiveness, efficiency and timeliness of project implementation;
2. Analysis of the effectiveness of implementation and partnership arrangements;
3. Assessment of the strengths and weaknesses of project?s design;
4. Identification of issues requiring decisions and remedial actions;

5. Lessons learned about project design, implementation and management;

6. Highlight of technical achievements and lessons learned; and

7. Proposal of any mid-course corrections and/or adjustments to the implementation strategy as necessary.

The terminal evaluation will include recommendations for follow-up of activities, and will be submitted by the IDB-GEF Technical Coordination Team to the GEF Independent Evaluation Office (IEO) no later than 6 months after the completion of the evaluation. ***The cost of both evaluations, indicated in the M&E budget below, will be covered by resources from the IDB's Agency Fees.***

Expenditure Category	Detailed Description	M&E	KM	Responsible Entity
Contractual Services - Individual	Independent Consultants contracted to carry out **Mid-Term Evaluation,** in line with GEF and IDB requirements	40,000	0	IDB Lab, with support from IDB-GEF Coordination Group
Contractual Services - Individual	Independent Consultants contracted to carry out **Final Evaluation,** in line with GEF and IDB requirements	45,000	0	IDB Lab, with support from IDB-GEF Coordination Group
Total M&E		85,000		

10. Benefits

Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

?AgVentures II, as the first regional AgTech fund dedicated exclusively to Latin America, will capitalize on the proven experience and rich knowledge gathered by AgVentures I, which had a more specific geographic focus (Brazil and Argentina).

As a regional vehicle, AgVentures is expected to have direct and indirect environmental, social and economic benefits for the region and its population. AgVentures?direct benefits include increased incomes, livelihoods, and productivity for vulnerable populations and executive positions for women in the region. Meanwhile, AgVentures will have even broader indirect effects by increasing employment opportunities and reducing the intensity of natural resource use.

AgVentures primarily targets small and medium size farmers (SMSFs) both at the level of the farm and along agricultural value chains. It is estimated conservatively that about 55 to 73 thousand small and medium-sized farms (SMSFs) and 500 to 735 thousand people in vulnerable socioeconomic conditions in rural settings may benefit from the innovations introduced by startups financed by the Fund[1]. These AgTech innovations include recent advances in digital technologies (e.g. data analytics, big data, remote imagery and satellites, internet of things, artificial and augmented intelligence and blockchain), life sciences (e.g. advanced genomics, biotech) and automation (e.g. robotics, precise sensors).

Agtech solutions have the potential to generate high impact to vulnerable rural populations and the environment both along the agricultural value chains, by introducing (low-carbon) solutions that enhance the access of SMSFs to markets, raise transparency and price conditions and, at the level of the farm, by improving livelihoods. The AgVentures II Fund also generates environmental benefits by investing in companies that help substitute and/or mitigate the use of harmful substances; and optimize food and equipment production and distribution, reducing natural resource consumption.

The startups financed by the Fund will develop innovative solutions that decrease the intensity of use of natural resources in agricultural production (especially water, energy and land), enabling climate mitigation strategies in high carbon-intensive agriculture segments. Depending on the use of different technologies, companies invested by the Fund could also generate additional environmental/ climate benefits related to increasing climate resilience of SMSFs, including through water use conservation and optimization, and to reducing food waste.

Additionally, SP Ventures has been a driving force of women entrepreneurship in agriculture. Having built a diverse portfolio, with 30% of women founders and 15% women founder CEOs (part of AgVentures I), the firm is a leader in this regard. For AgVentures II, SP Ventures is expected to continue applying a gender lens investment approach by identifying companies eligible for investment with more diverse teams, promoting the professional development of women in agtech and raising profiles of women entrepreneurs through widely disseminated media and events. As part of the result matrix agreed with the IDB Lab, the Fund aims to have, by the end of its Investment Period, 30% of its portfolio companies with at least one woman founder, co-founder or occupying C-level positions.

Additionally, the Fund has 2 additional indicators related to beneficiaries/gender that once the Fund is in operations it would start reporting on a disaggregated basis by gender. These 2 indicators are: (a) number of people in rural areas estimated to benefit from Agtech solutions provided by portfolio companies (targets: by Year 4 = 84,000 people and by Year 10 = 735,000), and (b) Number of direct and indirect net jobs created by portfolio companies (targets: by Year 4 = 450 jobs, and by Year 10 = 1,050 jobs).

Given the Fund?s investment focus, (the General Partner (also referred as Fund manager), has identified three main areas in which the technologies and/or companies part of the investment portfolio would have a direct or indirect environmental impact. Such areas are, but not limited to, the following:

Chemicals and Waste

? Reduced risks on human health and the environment through reducing and eliminating production, use and releases of Persistent Organic Pollutants and their waste;

? Reduced risks on human health and the environment through sound management of chemicals and waste of global concern.

Land Degradation

? Improved provision of agro-ecosystem and forest ecosystem goods and services;

? Mitigated/avoided greenhouse gas emissions and increased carbon sequestration in production landscapes;

? Conservation and sustainable use of biodiversity in productive landscapes;

Climate Change Mitigation

? Mitigated GHG emissions;

? Increased adoption of innovative technologies and management practices for GHG emission reduction and carbon sequestration;

? Conservation and enhanced carbon stocks in agriculture, forest, and other land use;

Additional Environmental Benefits

In addition to the expected Global Environmental Benefits, described above, it is estimated that the Fund, as an AgTech investor, could have additional environmental benefits as indicated below. It is important to note that the project, adopting a conservative approach, has not set targets with respect to these benefits (as their generation very strongly depends on the exact Agtech solutions that will be supported by the AgVentures II), but will track these additional benefits during implementation of the project through its E&S monitoring tool.

a) Climate Change - Technologies can help farmers adapt to climate change

? Weather data and information technologies

? Genetic technologies

? Biological seed treatments and soil amendments

? Indoor agriculture

b) Water: Technologies focusing on conserving and optimizing the use of water

? Water management technologies

? Irrigation technologies

c) Food Waste: Technologies that can help reduce, avoid or repurpose waste

? Post-harvest technologies

? Waste repurposing technologies

d) Farmer Welfare and Smallholder Empowerment

? Farm Management System

? Content, Education and Social Media

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[1] These targets were incorporated in the Results Matrix. Such estimation followed conservative assumptions based on existing startups in the agtech segment and those previously invested by SP Ventures.

11. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification*

PIF	CEO Endorsement/Approval	MTR	TE
	Low		

Measures to address identified risks and impacts

Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any measures undertaken as well as planned management measures to address these risks during implementation.

The risk category given to this project by IDB?s Environmental, Social & Governance Division reflects IDB?s Environment and Safeguards Compliance Policy (OP-73), specifically section B.13. This document has been uploaded. Part of the role of the Advisory Committee and Investment Committee is to make sure that the General Partner makes investments according to the social and environmental guidelines part of the Limited Partnership Agreement. These guidelines reflect not only IDB?s policies but also those of IFC. All previous co-investments by IDB-GEF into venture capital funds have also been assessed by IDB as Low risk.

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 of SMSFs and enable climate mitigation strategies in high carbon-intensive ag segments (i.e. cattle ranching). The Fund will not invest in agribusinesses or farms directly but rather in companies developing technologies for the agricultural sector. As such the social and/or environmental negative impact of the Fund is very low or non-existent.

Environmental and Social Management System

SP Ventures has put in place an ESMS (Environmental and Social Management System) with the objective of assessing and addressing risks related to the Fund?s investment activities. SP Ventures has built its ESMS with direct influence from the standards, and requirements, of three limited partners: IFC, Capria, and IADB. The System is under continuous improvements as the firm receives feedback and collects insights from current implementation. The Fund?s initial investments have been executed according to newly implemented ESG due diligence.

The Fund?s bylaws include an Exclusion List based on IADB and IFC standards. For instance, SP Ventures will not invest in any company that has been rated Category A (high risk) by ESMS as defined by IFC?s social and environmental policies.

A summary of the description of this ESMS has been uploaded as supporting material.

Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
Climate Risk Screening	**CEO Endorsement ESS**	
Summary AG Ventures II ESMS	**CEO Endorsement ESS**	
IDB Environment and Safeguards Compliance Policy (OP-703)	**CEO Endorsement ESS**	
IDB Lab E&S Review	**CEO Endorsement ESS**	

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

?

	AGVENTURES II RESULTS MATRIX				
Results Indicators (Cumulative Values)	**Year 2**	**Year 4**	**Year 7**	**Year 10**	**Information Source**
Indicator 1: Number of people in rural areas estimated to benefit from Agtech solutions provided by portfolio companies *	22,400	84,000	330,750	735,000	*Fund manager?s monitoring system and IDB Lab?s, and portfolio companies reports. Detailed calculation report.*
Indicator 2: Number of direct and indirect net jobs created by portfolio companies *	120	450	840	1,050	*Fund manager?s monitoring system and IDB Lab?s, and portfolio companies reports.*
Indicator 3: Number of micro, small and medium-sized farms/producers that adopt Agtech solutions provided by portfolio companies	2,800	10,500	36,750	73,500	*Fund manager?s monitoring system and IDB Lab?s, and portfolio companies reports.*
Indicator 4: Number of micro, small and medium-sized farms/producers that adopt solutions provided by portfolio companies that enhance climate resilience and/or other environmental outcomes	1,260	4,725	16,538	33,075	*Fund manager?s monitoring system and IDB Lab?s, and portfolio companies reports.*
Equity Investment	**Year 2**	**Year 4**	**Year 7**	**Year 10**	**Information Source**
Average annual sales growth (of portfolio companies)	90%	70%	40%	20%	*Fund manager?s monitoring system and IDB Lab?s*

Number of enterprises that receive funding (seed/Series A and B) - Cumulative	8	15	21	21	*Fund manager?s monitoring system and IDB Lab?s. Figures do not include investment out of the early seed program.*
Total amount of funding provided to enterprises (USD M) - Cumulative	8 M	20 M	50 M	50 M	*Fund manager?s monitoring system and IDB Lab?s*
Amount of funds mobilized by co-investors (other than the fund) in the company investments (USD M) - Cumulative	7 M	27 M	134 M	200 M	*Fund manager?s monitoring system and IDB Lab?s*
Percentage of the portfolio companies that have at least one woman as co-founder / co-owner or CEO *	20%	30%	30%	30%	*Fund manager?s monitoring system and IDB Lab?s*
Ratio of successful exits (exits with multiples > 1x / Total Exits)	0%	0%	50%	70%	*Fund manager?s monitoring system and IDB Lab?s*
Number of invested portfolio companies with operations in LAC countries other than Brazil, Argentina, Paraguay and Uruguay	10%	20%	30%	40%	*Fund manager?s monitoring system and IDB Lab?s*
Share of portfolio companies that provide Agtech solutions that directly improve climate resilience	45%	45%	45%	45%	*Fund manager?s monitoring system and IDB Lab?s, and portfolio companies reports.*
GEF ? Core Indicators (**)	**Year 2**	**Year 4**	**Year 7**	**Year 10**	**Information Source**
(#4) Area of landscapes under improved practices (Hectares)	0	7,856,924	11,785,386	11,785,386	*Fund manager?s monitoring system*
(#6) Greenhouse Gas Emissions Mitigated (Metric Tons of CO2)	0	9,698,689	14,548,035	14,548,035	*Fund manager?s monitoring system*

(#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)	0	9,846	14,770	14,770	*Fund manager?s monitoring system*

(*) Note that data management systems will disaggregate relevant indicators (i.e. jobs created) by gender.

(**) The calculation of the GEBs Core Indicators has been done under the premise that the average holding period of an investment is 6 years. In addition, Year 2 is too early to have relevant information collected and therefore a value Zero is being assigned for this year of operation. Milestones for Year 4 is pro-rated and final GEB impact is reflected in year 7, making Year 10 equal to Year 7.

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

REPLIES TO STAP NOTES/COMMENTS DURING SUBMISSION OF PIF.

B. Indicative Project Description Summary

Comment from Agency addressing this entire section:
The project objective has been redrafted to provide clarity on what is the mission of the fund. The Fund will invest in early-stage Agtech companies that will develop technologies, and services, to Small and Medium Sized Farmers (SMSFs) in Latin America with the aim to help these farmers operate under environmental and social best practices while diminishing, or eliminating, the negative impact that their operations will have on natural resources (water, land, and air). The adoption of these technologies by the SMSFs will translate into global environmental benefits related to climate change, land degradation and chemicals and waste.

GEBs and focal areas have been reconfirmed and Core indicators have been established and quantified.

1. Project Description ? Replies to comments from STAP are enumerated below

1.2) The baseline scenario or any associated baseline projects

Comment from Agency: The stated base line conveys the fact that at this time there does not exist a fund exclusively dedicated to Agtech and Latin America whose investments can benefit a large number of Small and Medium-Sized Farms in the region. There are a few funds that have made investments into early-stage companies focused on Agtech/Food tech but not as part of their core investment thesis. In the absence of vehicles like AgVentures II, the SMSFs will continue their practices under less-than-ideal conditions and hence will not be able to diminish, or eliminate, the social and environmental impacts that their operations are causing. Reference to lessons learned have been incorporated as part of the of the proposal.

1.3) The proposed alternative scenario with a brief description of expected outcomes and components of the project

Comment from STAP: What is the theory of change?

Comment from Agency:

Expected outcomes and GEBs of the project have been established and quantified.

The Fund?s investment strategy and investment thesis are the foundation for the theory of change associated to the project.

The thousands of SMSFs across LAC, that will benefit from the technologies produced (and services offered) by the Fund's portfolio companies, currently do not have access to these technologies and hence cannot compete with the large corporate conglomerates operating in the region nor can they operate under agricultural/environmental best practices and hence cannot reduce the intensity of use of natural resources (water, energy and land) as part of their agricultural operations. This benefit to the thousands of SMSFs shall prove to be the greatest contribution of the Fund to the Agricultural industry in the region.

1.5) Incremental/additional cost reasoning and expected contributions from the baseline, the GEF trust fund, LDCF, SCCF, and co-financing

Comment from STAP: Plans provided are inadequate to assess. Indeed, the PIF states "The actual areas of environmental impact would be confirmed when the Fund ends its investment period which would be 6 years after starts operations (also referred as the Operational Closing)."

Comment from Agency:

SP Ventures has identified with a high degree of certainty three focal areas where the Fund is expected to have an impact on: (i) Climate Change, (ii) Land Degradation and, (iii) Chemicals and Waste. Although these 3 areas had been clearly identified, the Fund?s investments may have impact on other areas but such additional areas cannot not be identified ex-ante but rather at the end of the Fund?s Investment Period which ends 6 years after the Fund starts its operations. Core Indicators for these focal areas have been quantified based on the Fund?s methodology described in the proposal and detailed in the Word file uploaded.

The paragraph included a definition error. The text was meant to indicate that the first 6 years of operations of the Fund are defined as the Investment Period. However, ?Operational Closing? was used instead in the paragraph which probably generating confusion.

Operational Closing is not the end of the Investment Period but rather the moment when the Fund is able to reach its minimum amount of capital to start operating efficiently. The Fund began operations in July 2020, having raised close to $20 Million.

1.6) Global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)

Comment from STAP: Information provided is inadequate to assess. PIF states: "Having not begun operations, at this point, the Fund cannot quantify (or provide an estimate of) the potential impact on these areas or its indicators since it does not have clarity on the type of portfolio companies it may have in the future. However, the Fund is working on the design of a methodology for identifying, monitoring and calculating some of GEBs and Fund?s KPIs... Any lack of specific information related to GEBs (or other sections) during the PIF stage would be identified during preparation phase and presented at CEO Endorsement."

Comment from Agency:

As part of the CEO Endorsement phase, the main GEBs have been established and Core Indicators have been quantified based on the methodology developed by SPVentures. At the time of the PIF, SP Ventures was in the process of hiring a person to be dedicated to the development of this methodology as part of the Fund's compliance with GEBs from GEF and the Social and Environmental requirements requested by Limited Partners including IFC, Capria and IDB Lab.

1.7) Innovative, sustainability and potential for scaling-up

Comment from STAP: Description of scaling potential is general and preliminary.

Comment from Agency:

The scalability to be achieved by the Fund will be represented by the: (i) the operational growth of its portfolio companies including regional expansion, and (ii) ability of these companies to attract new capital via its sequence of capital raising rounds.

The Fund will be investing in companies that are developing innovative technologies to serve primarily Small and Medium-Sized Farms (SMSFs) both at the farm level and along agricultural value chains. As these portfolio companies scale up their operations, they will be able to expand not only their domestic client base but also expand into other countries of the region. Several portfolio companies from Agventures I fund have successfully acquired clients and expanded operations outside their mother countries:

What corroborates SPVentures? regional view is the fact that Latam AgFood tech has proven to be a geographically fast scaling asset class. The interrelation between the regions? agricultural and food economies have turned AgFood techs particularly porous across national borders.

2. Stakeholders. Select the stakeholders that have participated in consultations during the project identification phase: Indigenous people and local communities; Civil society organizations; Private sector entities. If none of the above, please explain why. In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.

Comment from STAP: Inadequate. No recognition of potential roles and influence of governments, regulatory agencies, CSOs, or communities. Description is limited to investors, portfolio companies and anticipated beneficiaries.

Comment from Agency:

Given that this project, as a private initiative, represents an investment into a venture capital fund, the main stake holders during its implementation were the investors or limited partners.

Other stakeholders that typically participate in GEF projects like governments, regulatory agencies, CSOs, or communities in this specific case will not have involvement in the operations of the Fund nor in the decision making of the execution of the investments nor will they have any participation in the governance of the Fund.

The Fund?s bylaws include a Social and Environmental Policy as well as an Exclusion List based on IADB and IFC standards. These documents, which will guide the Fund during its due diligence (and operations) process, take into considerations the possible implications that the Fund?s investments may have in local communities, indigenous people, and society and the environment in general. The Advisory Committee is the entity that will make sure that the Fund Manager abides by these policies and guidelines.

The General Partner had (and continues to have) multiple meetings with and presentations to potential investors to present its business plan in order to obtain their capital commitment. For the implementation of the Fund no external or additional stakeholders (i.e., central or regional governments, civil societies, communities, NGOs) had to be consulted or receive authorization from.

However, during the submission of the PIF to GEF, a number of GEF Council members presented some comments which were addressed in a timely manner.

During the life of the fund (10 years), the set of stakeholders will be composed of: (1) Limited Partners, (2) The Portfolio Companies in which the Fund will invest, and (3) the users of the technology to be provided by those portfolio companies. During the submission phase of the PIF, clarifications were requested by some GEF Council members which were addressed in the section Stakeholders as part of the table included in such section.

3. Gender Equality and Women?s Empowerment. Please briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis). Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes/no/ tbd. If possible, indicate in which results area(s) the project is expected to contribute to gender equality: access to and control over resources; participation and decision-making; and/or economic benefits or services. Will the project?s results framework or logical framework include gender-sensitive indicators? yes/no /tbd

Comment from STAP: Target for investment in women-led companies is appropriate. Barriers yet to be clearly identified.

Comment from Agency:

SP Ventures has been actively involved in supporting gender equality and has been a driving force of women entrepreneurship in the agriculture sector. In a highly gender-disbalanced sector, SP Ventures has been providing continuous mentoring to some successful women entrepreneurs in Agtech. With 30% of women founders and 15% women founder CEOs (part of the portfolio companies of AgVentures I), the firm is an outlier in this regard. For AgVentures II, SP Ventures is expected to continue applying a gender lens investment approach by identifying companies eligible for investment with more diverse teams, promoting the professional development of women in Agtech and raising profiles of women entrepreneurs through widely disseminated media and events.

One of the main challenges, or barriers, to increase gender equality is the fact that Agtech is a nascent industry in the LAC region, and as such few people are involved in it and even fewer participate in the investment side of it. Out of this reduced number of people, women have limited participation for now. If successful, the Fund would serve as catalytic component for the growth of new businesses and technologies in the LAC region which would allow for a much higher participation of women at all levels.

IADB is expected to support SPV to further the gender efforts both at the fund level, with the incorporation of more women in the Agtech investment team, and at the portfolio companies level by: (i) identifying companies eligible for investment with more diverse teams; (ii) promoting the professional development of women in Agtech; and (iii) raising the profiles of female entrepreneurs through widely disseminated media and event. In terms of corporate governance, the Fund would promote the presence of women on the Board of its portfolio companies.

5. Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design.

Comment from Agency:

The Fund will be investing in companies that are developing innovative technologies to serve primarily Small and Medium-Sized Farms (SMSFs) both at the farm level and along agricultural value chains. In this respect, the potential for social and environmental risks that may prevent the Fund from executing its business plan is very low.

However, the Fund has developed (as a condition precedent for IFC?s and IDB?s investment) a Social and Environmental Management System that will serve, among other things, to: (i) identify such risks prior to an investment into a portfolio company, (ii) establish mechanisms to address such risks, (iii) evaluate the impact of such risks, and (iv) report the impact and the mitigation strategy or plans for such risks. This analysis will be done for each investment made by the Fund and the Fund will work closely with its investees to implement monitoring mechanisms. As part of its fiduciary obligations, the Fund will monitor compliance of the system regularly.

6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives
Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?

Comment from STAP: Not specified, beyond structure of coordination within the IDB Lab.

Comment from Agency:

Agventures II is the first ever regional Latam dedicated venture capital fund specialized in and exclusively focused on Agtech, and hence the Fund will serve as catalytic for the participation of the private sector throughout the region.

From the operational perspective, SP Ventures would not coordinate with any other fund or similar initiative. SPVentures, as Fund manager, has led more than 30 tech venture capital investments in LATAM, nearly 20 of these in the Agfood tech space. It is considered the most experienced venture investor in the agriculture technology landscape in the Latin American region. However, by being part of the VC ecosystem, in Latin America, SP Ventures will be in constant interaction with other VC funds to exchange lessons learned, and share market and sector intelligence.

Out of the several active VC funds investing in Latam, only a few of them make investments, on a case-by -case basis, in Agtech companies but they lack the in-depth sectorial expertise in investing and supporting new-to-the-market Agtech solutions. SP Ventures is well aware of who they are and as part of the small VC ecosystem in Latam, most VC funds are well acquainted with each other and willing to coordinate initiatives to maximize the benefit of their operations.

In addition, the Fund will help to enhance the VC and Agtech ecosystem in the region by not only investing in the sector but also by interacting, coordinating activities, engaging in cooperation agreements, and knowledge sharing with local incubators/accelerators, local institutional investors, local development (technology and investments) institutions, and research institutions to name a few.

With respect to GEF projects, there are a few projects that have some overlap that could be a source of knowledge sharing among the participants. These projects are: GEF # 5754 (Climate Smart Agriculture Fund for Latam and the Caribbean), GEF #10198 (Amazon Sustainable Landscapes Program), GEF # 9589 (Ecosystem-based Biodiversity Friendly Cattle Production, Panama), GEF # 10633 (Green Finance for Sustainable Landscapes joint venture), and GEF #10497 (Conservation and Sustainable Agriculture Fund for Developing Countries).

8. Knowledge management. Outline the ?Knowledge Management Approach? for the project, and how it will contribute to the project?s overall impact, including plans to learn from relevant projects, initiatives and evaluations.

Comment from STAP: KM description focuses on existing practices of SP Ventures. No adequate description provided of planned KM approach to scale impact.

Comment from Agency:

SP Ventures is an active participant in knowledge creation, elaborating and disseminating educational content to entrepreneurs, and publishing Agtech reports in major ag-dedicated channels such as Agfunder News which is a major global portal on innovations in agriculture. It also has partnerships with multiple universities (such as ESALQ Agronomy School a Brazilian agronomy school ranked as the 5th best in the world by US News), agriculture research institutes (such as Embrapa in Brazil), rural extension providers, as well as with major global Agtech investors to attract investments to the LAC region. SP Ventures and Embrapa have partnered up in the program ?Ponte para Inovacao? (?Bridge for Innovation?) (based in Brazil) to incentivize Embrapa and Agtech entrepreneurs to co-develop solutions leveraging Embrapa?s vast base of knowledge. SP Ventures intends to partner with local participants in the region to advance ecosystem building in other countries in the LAC region.

Given SPV?s active elaboration and dissemination of Agtech-related knowledge products, IADB and SP Ventures will be able to co-develop Agtech knowledge agenda focusing on the research of topics defined as priority by IADB such as: i) different models of tech adoption and scale of Agtech solutions by SMSFs; ii) gender and excluded populations approaches in Agtech; and iii) convergence of Agtech and Fintech models. To that end, SP ventures portfolio companies can be used as cases in point and sources of valuable data.

One of the direct ways in which SP Ventures will be able to transfer its knowledge directly is via its governance role in its portfolio companies. In most cases, SPVentures will take active board participation in portfolio companies that would include the following duties: (i) attract and retain talented management team members, (ii) mentor the executive team, (iii) provide a level of market insight, guidance and support for future fundraising, (iv) monitor performance, inquire about performance deficiencies, (v) identify obstacles to progress, and proactively discern timing for change, and (vi) oversee and promote fiscal, legal and ethical governance standards. The degree of involvement (depth and scope) of SP Ventures would depend on the stage of the company, technical/operational expertise of the company?s team and the technical competency of other board members or members of the advisory committee if applicable.

In addition, in 1Q2020 SPVentures was accepted into the well-known and regarded Capria Network. Capria Network is the leading global network of emerging market fund managers (impact investing) collaborating to deliver superior returns and scaled impact. The 19 member firms are managing assets of more than USD $300 million with presence in 37 countries across Africa, Latin America, and South and South East Asia. Led by more than 40 senior local investment principals, these firms work together to share expertise, best practices, business connections, and investment resources as they deploy venture capital, private equity and innovative debt/equity capital into high growth local businesses. The Capria Network currently has other 9 funds also located in Latam that constantly share deal flow and co-investment opportunities across industries.

Capria Network is committed to three core principles:

? Investing for sustained positive social impact and environmental impact
? Sharing extensive knowledge and connections with other members of the Network
? Delivering positive financial returns to investors

Each fund manager benefits from and contributes to intellectual property, global fund management best practices, original research, and investor connections. Live on-line conversations and in-person gatherings are facilitated to further leverage the power of the network.

SP Ventures would be able to capitalize on Capria?s network to develop business opportunities, enhance best practices in governance and develop assessment tools/methodologies to measure environmental and social impact requested by most impact investors including IDB Lab, IFC, and GEF.

With respect to GEF projects, there are a few projects that have some overlap that could be a source of knowledge sharing among the participants. These projects are: GEF # 5754 (Climate Smart Agriculture Fund for Latam and the Caribbean), GEF #10198 (Amazon Sustainable Landscapes Program), GEF # 9589 (Ecosystem-based Biodiversity Friendly Cattle Production, Panama), GEF # 10633 (Green Finance for Sustainable Landscapes joint venture), and GEF #10497 (Conservation and Sustainable Agriculture Fund for Developing Countries).

Comments from the GEF Council

A- COMMENTS FROM GERMANY

Regional, Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Paraguay, Per?, Uruguay. Agtech for Inclusion and Sustainability: SP Ventures' Regional Fund (Agventures II) (NGI); GEF Project Financing: $ 5,000,000; Co-financing: $55,000,000; Agency: IADB; GEF ID: 10336.**

Germany requests that the following requirements are taken into account during the design of the final project proposal:

A#1. Germany asks to clarify how lessons learnt from mentioned existing Venture Capital funds in agriculture/ environment are considered in the present proposal.

From the IDB Lab perspective as co-investor and GEF?s executing agency - There are many lessons learned that were part of the decision making of investing in SPVentures. The IDB Lab has a long track record of making investments in VC funds and the project with SP Ventures incorporates such lessons.

Since 1996, IDB Lab has invested in numerous VC funds across the region, and currently has an active portfolio of 53 funds comprising more than 700 companies in 21 countries. Key lessons from these experiences were considered during the design of this project, including: i) the Fund?s management team should combine financial skills with operational and entrepreneurial skills; ii) startups need continuous support and may have to test different business models throughout their consolidation and growth stages; iii) the minimum fund size for venture capital funds should be at least USD 20M; and iv) exits continue to be a challenge for the entire early stage investing sector, and especially in less mature innovation segments such as Agtech, and hence the fund manager must have established (and continuously develop) networks with larger funds, corporates and other potential acquirers to generate better exit opportunities.

Lessons learned from agriculture-focused funds - IDB Lab has invested in a number of VC funds. Some of them originally did not have specific tech focus but ended up investing in the agribusiness sector. Key lessons learned and best practices include: i) given the fund?s sector specificity, the fund?s investment strategy must be broader in terms of the stage of investments and geographical target, to assure greater access to quality deal flow and opportunities within the sector; ii) given the particularities of the agricultural sector, the fund manager must have comprehensive sectorial expertise to be able to support portfolio companies at in-depth technical level and offering sectorial-specific business guidance; iii) the agriculture sector generally requires fund manager teams to be multidisciplinary, including team members with business, marketing, management, operational, and investment skills; iv) geographic and crop diversification of investments within a country or region is important in order to avoid a highly concentrated portfolio that can be easily affected by negative climatic phenomena; and v) when investing in crop production, very close attention must be paid to market demand and price trends to reduce revenue volatility and ensure financial returns.

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From SP Ventures? perspective as the fund manager - Brazil?s venture capital industry started to become active in late 2012, making it a relatively new asset class. Being such a nascent industry in Brazil, most of the active VC managers are still in their first fund and lack among other things: (i) operational track-record, (ii) relevant collection of ?lessons learned?, and (iii) proprietary core-investment thesis, and related competitive edge. SP Ventures, as one of LATAM?s early VC firms is about to start its 3rd operational fund, is a much more experienced team.

SPVentures has led more than 30 tech venture capital investments in LATAM, nearly 20 of these in the Agfood tech space. It is by far the most experienced venture investor in the agriculture technology landscape in the Latin American region.

SP Ventures has gathered a rich portfolio of lessons learned which it plans to capitalize on during the operations of Agventures II. Among such lessons are: (i) farmers are more cautious than traditional consumers and one can expect a slower tech adoption cycle, (ii) to build a competitive AgTech firm a team with well-rounded set of business and technical skills is critical. The team should include people with several different technical skills and experience that complement each other such as computer science, engineers, biologists and agronomists. Each startup has its own set of required skills/knowledge in terms of human capital, thus team assessment should be done on a case-by-case basis on whether the startup has the right team to successfully execute the proposed investment thesis. Teams with well-rounded set of skills (including those of the founders) are particularly valuable and unique, (iii) to develop a deep understanding of the agricultural value chain takes time: Over the last 12 years, SPVentures has developed a deep understanding of the agribusiness value chain, including its key pain points, adoption cycles and go-to-market strategies which gives the team a competitive advantage in the Latam region, (iv) Knowledge sharing and strategic networks are critical: SP Ventures has built an important network of talent, investors and strategic groups in the agriculture landscape that brings value add to its portfolio companies. The SP Ventures? team participates regularly in the major global Agtech events, such as:

a) Agrivest ? Israel

b) World Agritech Forum -San Francisco, USA

c) InfoAG ? St. Louis, USA, and

d) Major agribusiness input, machinery / equipment & scientific congresses in LATAM.

For the Fund Manager is critical to constantly gauge farmer sentiment/needs/challenges, key trends & pain points, besides the eternal VC quest to build network.

From the perspective of the SPVentures? team, perhaps the most important lesson learned is understanding that the agriculture sector encapsulates a deeply complex value chain. SP Ventures has seen generalist VCs fail repetitively in their attempts to invest in the sector. To thrive in Agtech investing, specialization and profound domain expertise are essential characteristics to succeed.

A#2. Germany - Clarify the engagement strategies and investment criteria used to ensure that envisaged environmental and social benefits are provided. This includes investee selection criteria, monitoring processes regarding gender, inclusiveness, gender equality, as well as description of due diligence- methodology employed.

The Fund manager will search for companies that fit with the thematic fund, but also for the Best-in-Class entrepreneurs to guarantee the best financial return opportunities, with ESG and Impact as a core proposition of the Fund investment criteria.

Environmental, Social and Governance (ESG) and Impact issues are core to SP Ventures? strategy and integrated to its due diligence process. During the screening & diligence process, part of the investment decision-making stage, a set of ESG risks would be identified and SPVentures would assess the impact of each target firm?s product vis-?-vis the ESG risk matrix. If the transaction is mission aligned and meets the selection criteria, SPVentures and the target firm would agree on a ESG 100-day plan & Impact KPIs that will be measured and validated on an annual basis, during the investment cycle of each potential portfolio company. On an annual basis, SPVentures will revalidate the impact generated by the target firm?s product, considering that technological advancements might increase efficiency. The bi-annual sum of these KPIs will feed into the evaluation of the Global Environmental Benefits.

The ESG and Impact Screening and Due Diligence approach are better described in the document ?AGVENTURES_II_ESG_Policy? which is an exhibit to the Limited Partnership Agreement (LPA) to be signed by the anchor investors and by future investors. The ESG Due Diligence questionnaire is based on the International Finance Corporation (IFC) Performance Standards which is an international benchmark for identifying and managing environmental and social risk that has been adopted by many organizations as a key component of their environmental and social risk management. SPVentures is developing a proprietary tool to monitor ESG KPI?s. This tool has incorporated and adapted elements from several reputable institutions and sources including PRI, Global Impact Investing Network (GIIN), IFC, GEF, B Lab (B Corp certification), IRIS (Impact Reporting and Investment Standards), and Ethos-Sebrae. It is worth noting that the KPI benchmarks have been tailor-made to be aligned with tropical agriculture and early stage companies as well as to converge with GEF?s Global Environmental Benefits metrics.

As for Gender diversity, SP Ventures has been a driving force of women entrepreneurship in the agriculture. With 30% of women founders and 15% women founder CEOs (portfolio of last fund), the firm is an outlier in this regard. For AgVentures II, SP Ventures is expected to continue applying a gender lens investment approach by identifying companies eligible for investment with more diverse teams, promoting the professional development of women in Agtech and raising profiles of women entrepreneurs through widely disseminated media and events. As part of the result matrix agreed with the IDB Lab, the Fund aims to have, by the end of its Investment Period, 30% of its portfolio companies with at least one woman founder, co-founder or occupying C-level positions.

Additional information on SP Ventures approach to increasing women's participation in decision making and shaping of solutions in the Agtech industry, through promoting greater leadership and participation in portfolio companies, is provided in the annexed document on integrating gender & diversity into AgVentures II investments.

A#3. Germany asks to include a dedicated section on the theory of change of the fund in general, as well the additionality of GEF-financing provided.

SPVentures as the fund manager of AgVentures II envisions the fund as a catalyst for the growth of the Agtech industry in Latin America and also, ideally, for the potential to have the technologies from its portfolio companies expanding to other parts of the world and generating significant social and environmental impact. SpVentures defines three main pillars as part of its model:

VISION: to be the first choice of entrepreneurs reinventing tropical agribusiness into a sustainable, environmentally friendly, just & farmer empowered value chain.

MISSION: to leverage, through intellectual and financial capital, mission driven, tech enabled entrepreneurs in their quest to solve humanity?s toughest challenges at the intersection of agriculture & environment. SPVentures believes that the challenge to feed future generations through a more efficient, cleaner and safer agriculture is possible.

VALUES: SPVentures?s values are based on high level of integrity, ethics, accountability, trust and transparency. These attributes are a critical part of its interaction with stakeholders, business world, and society in general. SPVentures sees its new fund as a conduit to incorporate business people and regular citizens irrespective of their gender, ethnicity, socioeconomic status, and educational background. Diversity means greater learning environment for SPVentures? team, progress in the direction of a more inclusive world, and also the potential for generating larger business opportunities.

The Fund?s approach to environmental, social, and governance diligence will focus on: (i) Environmental Issues: mitigate climate change and deforestation, optimize resources and preserve ecosystems, (ii) Social Issues, consider human capital as the most important asset, strengthen relations with our stakeholders, social, ethnic and gender diversity, elevated standards of business ethics, demand strong corporate governance practices.

B- Comments from Norway Denmark

GEF ID: 10336 ? Agtech for Inclusion and Sustainability: SP Ventures? Regional Fund (Agventures II)

AgVentures has a focused and targeted investment strategy. AgVentures II will focus on doing equity and quasi-equity investments into early stage enterprises within ag-tech. We are intrigued by this model as we are aware that there is limited funding available to early stage ag-tech startups. And we are supportive of efforts to increase the use of innovation to combat food insecurity. In light of this, we have several comments and questions regarding AgVentures investment strategy.

Investment strategy

B#1 Comment from Norway: Investment vehicle. The Fund will invest in equity and quasi-equity instruments. Will the Fund take majority positions? Will the Fund take board seats? What is management?s board experience on startup level?

The Fund will not take majority positions. The Fund will invest in 20 to 30 early stage Agtech startups across LAC. The Fund will invest from early seed (pre-operational companies) stage to late seed / series-A, typically with a USD 750,000 ticket at early seed stage to a USD 1-2 million initial ticket for late seed/series-A companies. The Fund will continue investing in subsequent rounds (follow-ons) to fund the scaling up of the most promising companies of the portfolio. Opportunistically, the Fund would also invest in series-B rounds for selected companies (typically USD 4 million tickets). The Fund Manager expects at least 25% of the capital to be invested in early seed, and the remainder in Late-Seed/Series-A and Series-B rounds. No more than 20% of the Fund?s capital will be allocated in one single investment.

The Fund will acquire preferred shares issued by the portfolio company via direct equity (Series A onwards) or traditional convertible notes structure (for early stage deals). These are the usual investment instruments used primarily in emerging markets, because they assure the governance and the fund rights that SPVentures follow as best practice in the venture capital industry (such as tag-along, drag-along, liquidation preference, veto to some matters among others).

Board Participation: In most cases, the Fund Manager will take active board participation in portfolio companies that would include the following duties: (i) attract and retain talented management team members, (ii) mentor the executive team, (iii) provide a level of market insight, guidance and support for future fundraising, (iv) monitor performance, inquire about performance deficiencies, (v) identify obstacles to progress, and proactively discern timing for change, and (vi) oversee and promote fiscal, legal and ethical governance standards. The degree of involvement (depth and scope) of SP Ventures would depend on the stage of the company, technical/operational expertise of the company?s team and the technical competency of other board members or members of the advisory committee if applicable.

Governance Experience: The Fund Manager has extensive experience in governance. In Agventures I, all the portfolio companies had a member of the Fund manager serving as a board member. Members of the SPVentures team currently serve on the board of 14 AgFoodtech company boards: 13 from investments made by SP Ventures through Fundo de Inova??o Paulista (AG Ventures I), and 1 in Agrofy (Argentina).

SP Ventures team members have also extensive board experience in other businesses outside the AgVentures Fund as part of their goal to increase knowledge sharing and expand network opportunites. For instance, Francisco Jardim and Alexandre Stephan are members of the Investment Committee of the first Venture Debt fund in Brazil (https://www.brasilventuredebt.com.br/), that began operations in June 2019 with R$ 140 million of assets under management. Francisco Jardim is an active member of the startup selection committee of Pulse, Brazil?s first Agtech focused accelerator. Alexandre Stephan has been a board member of 3 other growth stage companies in the AgFood space. Geneseas (http://geneseas.com.br/novo/en/) (from 2015 to 2017), Aquafeed (http://aquaqualy.com.br/) (from 2016 to 2018) and VetBr (http://vetbr.com.br/) (from 2017 to 2018), all during his previous professional experience while working at Aqua Capital (https://aqua.capital/?lang=en).

In addition, before starting the AgVentures I Fund, Francisco Jardim led 4 Agtech investments for the Criatec Fund in sectors ranging from biotechnology to internet of things. He represented the Criatec Fund on the board of these companies and worked closely with the management team of these firms from 2009 to 2013 (when AgVentures I started). Thus, SPVentures? team has more than 11 years of experience implementing governance and mentoring/advising Agtech entrepreneurs in Latin America build their businesses.

B#2. Comment from Norway -Portfolio management. The Fund will invest in 20-30 companies. What type of role will the Fund play beyond being a financial provider? The PIF mentions mentorship; however, it does not inform us how the Fund will deliver this. Actively managing a portfolio of 20-30 early stage companies is challenging. Likely, all portfolio companies will need mentorship. Is there a mentorship program the startups will go through? Capacity building activities come at a high cost to the Fund, how are these activities planned financed?

It is important to clarify that SPVentures will not play the role of an incubator or accelerator. Such role is different from that of the General Partner of a Venture Capital fund. However, SPVentures works very closely with the incubators and accelerators in the region providing mentorship and scouting investment opportunities. SPVentures plans to play an active role as a member on the board of directors and/or the advisory committee of its portfolio companies. This role would comprise among other things (i) attract and retain talented management team members, (ii) mentor the executive team, (iii) provide a level of market insight, guidance and support for future fundraising, (iv) monitor performance, inquire about performance deficiencies, (v) identify obstacles to progress, and proactively discern timing for change, and (vi) oversee and promote fiscal, legal and ethical governance standards. The degree of involvement (depth and scope) of SP Ventures would depend on the stage of the company, technical/operational expertise of the company?s team and the technical competency of other board members or members of the advisory committee if applicable.

SPVentures? main team is composed of 4 senior partners and one junior partner-associate. They will take responsibility for the monitoring of the investment portfolio based on his/her strengths and expertise. The team includes professionals with solid agriculture venture capital, private equity, banking & multinational corporate experience, totaling more than 30 years of agribusiness experience. The knowledge and network acquired by these operating venture capital partners will be fully deployed to support AgVentures II portfolio companies in their quest to reinvent the tropical agriculture ecosystem into one that includes an environmentally sustainable value chain. It is anticipated that each member would be responsible for monitoring between 5 to 7 companies each.

B#3. Comment from Norway - Geographic expansion. AgVentures II will invest in countries across Latin America. Does management have investment experience in countries outside of Brazil? Will the Fund have local presence outside of Brazil? How will the Fund provide technical assistance to companies outside of Brazil?

SP Ventures has experience investing outside Brazil. As part of Agventures I, the Fund invested in Argentina, specifically in one of LATAM?s leading Agtech firms: Agrofy (https://www.agrofy.com.ar/) which is based out of Rosario (Argentina).

Currently, SP Ventures already has extensive origination and execution capacity for deals in Brazil and Argentina. However, there is a need to develop operational capacity to execute transactions with excellence in the remainder of the region, mainly in countries like Chile, Colombia, Peru and Mexico.

Knowing that, SP Ventures invited Ariadne Caballero to join the firm as a partner in November 2019. Ariadne, a Mexican citizen, spent 10 years at Syngenta (one of the Fund?s anchor investors), where she was the head of digital transformation for Syngenta Latam. Among the various initiatives she led during her time at Syngenta, it can be highlighted the first acquisition of an Agtech in Latam by a major global strategic player: Strider. At SP Ventures, Ariadne will be responsible for the origination and monitoring of investments outside Brazil and she will also support Brazilian Agtechs that plan to expand into other Latam countries.

The deal flow strategy will have as premise an exhaustive mapping of local innovation ecosystems in each of the countries in Latin America, understanding the potential for the emergence of Agfoodtechs in the different target verticals of the Fund. Currently, there are already pre-mapped opportunities with a profile appropriate to the Fund's pre-analysis conditions, in countries such as Peru, Paraguay, Colombia, Chile and Mexico. These countries? ecosystems, in terms of Agfood tech, are experiencing some years of lag in relation to the Brazilian market. To develop them, SP Ventures will engage in ecosystem building using the same strategy applied to Brazil market:

a) Partnerships with established generalist accelerators: mentoring, participation in evaluation boards, co-investments, etc.

b) Creation of new thematic accelerators specialized in Agtech

c) Invitation to other local VCs for co-investments in Agtech.

d) Participation + lectures at the main agribusiness fairs: disseminating the culture of high impact entrepreneurship and venture capital within the ag market

e) Participation and lectures in the main entrepreneurship venues/conferecnes

f) Make extensive use of local media showing the success of the Brazilian Agtech ecosystem.

SP Ventures also has chosen strategic investors (Limited Partners) that will improve the firm?s capabilities in the region beyond Brazil. SP Ventures was selected and invited to join the Capria Network (CN). CN is a network of (19 member firms) elite emerging market impact venture fund managers are managing assets of more than USD $300 million with presence in 37 countries across Africa, Latin America, and South and South East Asia. Led by more than 40 senior local investment principals, these firms work together to share expertise and knowledge, best practices, business connections, and investment resources as they deploy venture capital, private equity and innovative debt/equity capital into high growth local businesses.

Agriculture and the environment are part of Capria?s core thesis and SP Ventures was selected as their core Agtech fund. They have a tight knit investor community in LATAM, with venture firms in Mexico, Central America, Peru, Colombia & Chile. These partner venture firms strategically dispersed throughout the region are a source of market intelligence & co-investors for SP Ventures. Capria?s most relevant investors include Paul Allen, Bill and Melinda Gates Foundation, and the Ford Foundation.

In addition, AGVentures II will include as Limited Partners two of the most active Development Financial institutions (DFIs) in the region?s venture capital landscape: IADB and IFC. Both of these LPs have a broad network of accelerators, investors and entrepreneurs that will be important sources of knowledge and expertise in Latin America.

B#4. **Comment from Norway** - Foreign exchange (FX) risk. All investments will be denominated in USD. This limits the Fund?s exposure to currency risk, however, putting the FX burden on the borrower. In the event of doing investments in currency fragile countries, could the Fund consider FX risk sharing with the borrower, i.e. splitting cost of a currency hedge?

It is customary for Venture Capital funds to make equity investments primarily in hard currency (USD, Euros). In this case SP Ventures would receive US Dollars from its Limited Partners and invest such monies into equity positions in portfolio companies in USD denominated terms. Being equity investments, the money does not need be returned by the portfolio company. These monies are kept, by the company, in USD in bank accounts and are gradually converted in local currency by the company, based on a planned schedule of use of proceeds. In some cases, the USD investment is used by the portfolio company to make payments on US denominated assets and/or services and in some other cases the money is translated into local currency to make payments on assets and/or services in that currency. Since investment are kept in USD denominated accounts until they are put to operational use by the portfolio firm, FX risk is further minimized.

There are two important points to highlight: (1) As a regional vehicle, the Fund would be making investments into companies located in many different countries in the region and hence creating an organic hedge by being exposed to different currencies which do not necessarily would have positive correlations., and (2) depending on the line of business (including types of clients) of the portfolio companies, their revenues would have a blend of hard currency and local currency (this blend would de different by company) which would create another organic hedge.

In some instances, the Fund would provide quasi equity/mezzanine (i.e. convertible notes) to its portfolio companies. There is a wide set of ways to structure these instruments which normally reflect the needs and expected cashflow of the company, growth rate of the company, and likelihood of liquidity events. Although these instruments have a debt component, it does not necessarily reflect the terms and conditions of straight debt (i.e. unsecure or secure senior loans) since most of the time the debt is converted into equity.

In general, the use of hedging for quasi equity instruments is not a normal practice in the venture capital industry. Additionally, hedging an investment position (with variable or uncertain payment periods) to a company located in a small economy could be extremely expensive and assuming the hedge is available. Providers of forex hedges do not normally work with the kind of debt instruments used by VC or PE funds. There are several mechanisms that a company can use to hedge its USD regular straight debt (i.e. loans) one of them being the use of back-to-back operations which have been used by microfinance institutions globally for many years. However, this task is responsibility of the company itself. The Fund Manager may advise the company on such mechanisms if needed. If the company where in need of straight debt, most likely would be to finance working capital. In these situations, a local financial provider may be another option for such need.

B#5. Comment from Norway - Sourcing strategy. A successful fund is dependent on a strong pipeline. From reviewing the PIF, there is not strong evidence that the Fund already has a quality pipeline. Nor is there sufficient evidence for a critical mass of ag-tech startups to warrant a $60,000,000 fund.

Please note that most of the answer provided above for question B#3 also applies to this question.

Based on: (i) SPVentures? experience in developing investment opportunities, (ii) its knowledge of the region and the industry, (iii) the potential demand, and (iv) its strong institutional network, the Fund is well positioned to generate enough pipeline to achieve its intended targets.

Investing in a less mature vertical such as Agtech requires a VC fund to take an active role in helping develop the entrepreneurship ecosystem. SPV has been a key Agtech ecosystem developer during the last decade. It founded the ?Pulse? Agtech accelerator (jointly with NXTP Labs, IDB Lab investee, and in collaboration with ag corporates such as Mitsubishi and Ra?zen[1]), and has co-founded the Agtech district in the countryside of S?o Paulo state in Brazil (known as ?Piracicaba Valley?), which unites universities, tech centers, corporates, accelerators, co-creation spaces and associations of producers as a hub to co-develop Agtech solutions. SP Ventures is also an active participant regarding knowledge creation, elaborating and disseminating educational content to entrepreneurs, and publishing Agtech reports in major ag-dedicated channels[2]. It also holds partnerships with multiple universities (such as ESALQ Agronomy School[3]), agriculture research institutes (such as Embrapa[4][4]), rural extension providers, as well as with major global Agtech investors to attract investments to the region. SP Ventures plans to partner with local industry participants in the region to advance ecosystem building in other geographies.

As a precursor and leading fund manager specialized in Agtech, SPV has access to a wide network of Agtech businesses, which is nurtured by different sources. In Brazil, SPV has access to privileged deal flow given their brand recognition and track record as a key ?builder? of the sector and as the only Agtech-focused VC firm in the country. Their partner accelerator (?Pulse?), active engagement in ?Piracicaba Valley? and partnership with key research institutions and universities help nurturing the Brazilian deal flow. In Argentina, their active engagement in the Argentinian Agtech ecosystem, attending multiple fairs, pitch competitions and having close collaboration with NXTP Labs (IDB investee), Glocal[5][5], universities and other venture capital funds also nurture access to qualified Agtech deal flow. In Brazil and Argentina, SPV has the ambition to screen the totality of Agtech qualified deal flow. In preparation to start the roll out of its regional strategy, SPV has already conducted multiple business development missions across the region and has identified key partners and pipeline in Chile, Uruguay, Paraguay, Colombia, Mexico and Peru.

Additionally, in 2019, SP Ventures partnered with Embrapa (Brazilian Agricultural Research Corporation) to co-produce the Radar AgTech 2019 report (https://www.radaragtech.com.br/) which is the most exhaustive work done (screening over 1,000 AgFoodTech companies) to date on the Brazilian AgFoodTech ecosystem.

SP Ventures has already identified a preliminary investable pipeline (advanced conversations) in Argentina and Brazil which include Agrofy, Frizata, Solubio, Leaf, and AgroBatida for a total investment over USD$ 8 million. However, when considering the entire ?hot pipeline? (deals that are in initial negotiations phase) this specific pipeline includes more than 6 companies for a total investment amount in excess of USD$10 Million. These opportunities are located in Brazil, Argentina, Colombia and Mexico. If the ?hot pipeline? is used as a benchmark (even when the fund is not operating yet) and considering that the fund has a 6-year investment period and should reserve approximately 2x invested capital for follow-on rounds, the current ?hot pipeline? indicates that the risk of lack of investable opportunities is low. At this pace, the Fund would reach is intended size of investment portfolio way before the end of its 6-year investment period). As of April 15, 2020, the Fund has a pipeline of more than 130 investment opportunities.

As indicated before, the Fund will have, as investors, three important institutions with extensive knowledge of the region as well as institutional networks on which SPVentures would be able to capitalize on when building its investment pipeline. These institutions are the IFC, IADB Group and Capria Network.

In 1Q2020 SPVentures was accepted into the well-known and regarded Capria Network. Capria Network is the leading global network of emerging market fund managers (impact investing) collaborating to deliver superior returns and scaled impact. The 19 member firms are managing assets of more than USD $300 million with presence in 37 countries across Africa, Latin America, and South and South East Asia. Led by more than 40 senior local investment principals, these firms work together to share expertise, best practices, business connections, and investment resources as they deploy venture capital, private equity and innovative debt/equity capital into high growth local businesses. The Capria Network currently has other 9 funds also located in Latam that constantly share deal flow and co-investment opportunities across industries.

Capria Network is committed to three core principles:

? Investing for sustained positive social impact and environmental impact

? Sharing extensive knowledge and connections with other members of the Network

? Delivering positive financial returns to investors

Each fund manager benefits from and contributes to intellectual property, global fund management best practices, original research, and investor connections. Live on-line conversations and in-person gatherings are facilitated to further leverage the power of the network.

SP Ventures would be able to capitalize on Capria?s network to develop business opportunities, enhance best practices in governance and develop assessment tools/methodologies to measure environmental and social impact requested by most impact investors including IDB Lab and GEF.

[1] Raizen is Brazil?s third largest energy and sugar cane corporates, and active sponsor of sustainable innovations in agriculture.
[2] See an example of publication at Agfunder News (major global portal on innovations in agriculture) here.
[3] ESALQ is a Brazilian Agronomy School ranked as the 5th best in the world by US News.
[4] SP Ventures and Embrapa have partnered up in the program ?Ponte para Inovacao? to connect Embrapa and agtech entrepreneurs to co-develop solutions leveraging Embrapa?s vast base of knowledge.
[5] Glocal is a leading agtech-focused accelerator based in Rosario, Argentina.

B#6. Comment from Norway - Co-investment options. Currently, it is unclear whether the Fund allows for co-investments. We would like a provision for co-investment opportunities. In the future, there will almost certainly be projects that will align with investors interest. This provision can catalyze additional capital and further strengthen and de-risk the portfolio.

The Fund does not seek to be the sole investor into its portfolio companies. As such, co-investments between the Fund and other investors (no related to the Fund) will take place throughout the investment process. One of the goals of a VC fund is to catalyze third party investments to support the growth of its portfolio companies. In addition, for the fund?s investors (LPs) participating in the first round of capital (also known as anchor investors), there exist the possibility (given a set of conditions) for such Limited Partners to invest in the same portfolio company(ies) in which the Fund is investing.

SPVentures has a successful track record in generating co-investments. In the previous fund (AgVentures I), SP Ventures intensified its focus on co-investments aimed at enhancing its sourcing and origination capabilities as well as multiplying the value creation efforts. The sharing of investment tranches with qualified investors favored the addition of complementary skills and the increase of capital availability for new rounds of capitalization. In this fund, SP Ventures coinvested with DGF Investimentos (Concil), Triaxis Capital / Bozano Investimentos (Ventrix), Astella Investimentos (Smartbill and Bom Pra Cr?dito), APagri (InCeres), ABSeed Ventures (Aegro) as well as with angel investors (Bom Pra Cr?dito) such as Rubens Naves (founder of Repom) and Romero Rodrigues (founder of Buscap?).

One of the best examples of SPVentures? interest in and talent for building co-investment syndicates is demonstrated by the investment in Agrofy, a company based in Rosario, Argentina. SPVentures co-invested with the elite of LATAM & global agribusiness participants and venture investors, such as:

a) Bunge Ventures ? corporate venture arm of one of the largest agribusiness trading conglomerates in the world - https://www.bunge.com/our-businesses

b) Lartirigoyen ? one of the largest agribusiness conglomerates in LATAM - http://www.lartirigoyen.com.ar/

c) Brasil Agro ? one of the largest publicly traded (listed in BOVESPA) farm operators in LATAM - http://www.brasil-agro.com/

d) CRESUD ? one of the largest farm owners & operators in LATAM, also publicly traded - https://www.cresud.com.ar/

e) Acre VC ? a California based leader in global agtech venture investing. One of the first professional investors to back Farmer Business Network (FBN), strong candidate to become an Agtech Unicorn in the USA - http://acre.vc/

f) Fall Line Capital ? a premier, California based, Agtech venture investor - http://fall-line-capital.com/

SPVentures has worked closely with these strategic investors to transform Agrofy into a pan-regional, leading agtech firm.

SPVentures believes that syndicating deals with co-investors is a value accretive practice. As a sector-specific fund, Agventures II LPs has strategic investors (such as Syngenta Ventures and BASF Ventures) that bring unique value added as co-investors. Additionally, SPVentures knows most of the global sector specific AgFunds, so it will introduce potential deal opportunities from its investment portfolio (or new investments) to these funds since they would bring other geographic expertise, as well as access to more capital and talent. For follow-on rounds on its existing portfolio companies, SPVentures almost always prefer to have a new lead investor in order to price the new financing round since in most cases it facilitates the negotiations with existing partners.

B#7. **Comment from Norway** - Follow-on investments. Because the Fund will invest in early stage companies, having a reserve for follow-on investments are critical. As the portfolio companies grow, they will need additional financing. Does the Fund have sufficient capital for follow-ons? If so, what is the ratio?

The capital to be raised by the Fund does include an allocation for follow-ons. The Fund will invest in 20-30 early stage Agtech startups across LAC. The Fund will be investing from early seed (pre-operational companies) stage to late seed / series-A, typically with a USD 750,000 ticket at early seed stage to a USD 1-2 million initial ticket for late seed/series-A companies. The Fund will continue investing in subsequent rounds to fund the scaling up of the most promising companies of the portfolio.

Opportunistically, the Fund would also invest in series-B rounds for selected companies (typically USD 4 million tickets). The Fund Manager expects at least 25% of the capital to be invested in early seed, and the remainder in Late-Seed/Series-A and Series-B rounds. For every Dollar invested in the initial rounds, the Fund Manager anticipates that 1.5X that amount would be allocated to follow-ons.

Risks

B#8. Comment from Norway - Exit opportunities. There is a lack of exit precedence in the ag-tech sector in Latin America. How will the Fund ensure it is fully divested by year 10?

Exiting investments in early-stage companies is a challenge in emerging markets and Latin America is not the exception, especially for a less mature Agtech sector. Potential acquirers and subsequent investors of each company will be engaged early in the process in order to secure exit opportunities. The GP has an extensive network of contacts worldwide (that shall be expanded as the Fund starts operations) that would serve as platform to find a suitable buyer for the Fund?s equity positions. As indicated above, the incorporation of the SPVentures into the Capria network shall prove to be highly beneficial when seeking bidders for the Fund?s investments.

Furthermore, as addressed in question B#3 and B#5, SP Ventures would capitalize on the network of the IFC, IADB and Capria to generate pipeline but also to identify potential bidders for its portfolio companies. Equally important, is the fact that Sygenta and BASF (two of the other anchor investors) are two main global participants in the Agtech world and additional sources for the identification of acquirers of the Fund?s equity positions.

Additionally, SP Ventures has developed and is developing relationships with Brazilian and international M&A and investment banking firms that would facilitate with the identification of bidders for Agventures II portfolio companies as well as with the sale process. For instance, SPVentures has developed a strong relationship with Greenhill (a prestigious M&A boutique in Brazil) that already has conducted sell processed for two portfolio companies fo AgVentures I (Inprenha and Promip). While Promip is still underway, results with Inprenha were positive with Greenhill helping to double the bidder?s price during the due diligence phase.

Investment terms

B#9. **Comment from Norway** - Management fees & hurdle rate. The Fund is charging a 2% management fee with a traditional 20/80 split. In addition, the Fund has an 8% hurdle. This hurdle is relatively high and puts a lot of pressure on the management team to deliver. Given the unprecedented investment strategy, the Fund should consider lowering the hurdle rate to 5 or 6% to relieve pressure on financial performance (which can comprise the Fund?s impact objectives).

The Fund?s Limited Partnership Agreement (LPA) includes a standard set of terms including management fees, distribution of proceeds and voting rights. The range of a hurdle rate for the global VC industry is between 7% and 8% p.a. The funds in which the IDB Lab and GEF have co-invested have a similar average range. As described in other sections of this document, during the period June-July 2020, the Fund closed its first round of capital (Operational Closing) with USD$ 17 Million provided by the anchor investors including: Syngenta (US$ 4 Million), BASF (US$ 4 Million), IDB Lab (US$ 4 Million), Capria Network (US$ 3 Million), and high net worth individuals ($+2MM). By the end of December 2020, three additional investors committed additional capital to the Fund: (i) The IFC with $10 Million, (ii) Addiseo with $1.50 Million, and (iii) the Mosaic group with $4 Million.

These investors and the Fund negotiated the terms and conditions part of the LPA. Any future investor (Limited Partner) to the Fund would be bound by the same terms and conditions as well as rights and obligations. Any future LP, will not be able to dictate specific terms that deviate from the agreed LPA.

Fund performance

B#10. **Comment from Norway** - Track record. SP Ventures appear to be a somewhat experienced fund manager (2 prior funds, $40m AUM, and 25 portfolio companies). Fund 1 achieved 24% net IRR (in BRL) and Fund II has an unrealized IRR of 37.8% (in BRL). These are great metrics; however, they can easily be skewed by one or two investments. It would be important to look at the whole portfolio to get a picture of overall performance.

SPV was founded in 2007, in Brazil, as the manager in the state of S?o Paulo of the fund Criatec I, a flagship VC fund initiative created and invested by the Brazilian Development Bank (BNDES[1]) to promote the expansion of VC industry in different parts of Brasil. While Criatec I had a sector-agnostic strategy, half of its portfolio was allocated in some of the first Agtech companies that emerged in the country, which allowed SPV?s team to specialize in the field from early days. In 2013, SP Ventures raised a new fund, AgVentures I, the first Brazil Agtech-focused fund. AgVentures I invested 80% of its capital in Agtech deals in Brazil and had one investment in Argentina (Agrofy).

Criatec I (vintage 2007) had a USD 10M capitalization, made 8 investments (half of which were Agtech startups), and achieved a 24% net IRR in BRL (MoiC[2] 3.68x) through 2 exits. The other fund ? Agventures I (vintage 2013) had a USD 30M capitalization ? was focused on Agtech and made investments in 20 companies. It currently has a marked-to-market return of Net IRR of 37.8% in BRL / MoiC 2.1x. Overall gross revenue of portfolio companies has been growing at 65% per year. Although this fund has not had any exits yet (it has just finished the investment period and has until 2023 to divest), it has already received exit opportunities it has already received exit opportunities for 4 portfolio companies, with returns fluctuating between 2x and 4x multiples. Additionally, portfolio companies from Agventures I were able to raise new rounds of capital (in excess US$ 55M) from other investors, validating the quality of the portfolio.

Agventures I (started operations in 1Q2014) had a R$ 105m fund size (USD 40M at that time) capitalization ? made investments in 20 companies with 80% of total capital invested in Agtech firms. It currently has a marked-to-market return of Net IRR of 17.10% in BRL and MoiC (Multiple on invested capital) of 2.28x as of the end of 2020. Overall gross revenue of portfolio companies has been growing at 65% per year. This fund has already received exit offers for 4 of its portfolio companies, for returns fluctuating between 2x and 4x multiples. Recently, Agventures I executed its first exit, by selling its position in portfolio firm Brain Ag to Experian for a 3.67x return. Additionally, portfolio companies from Agventures I were able to raise new rounds of capital (in excess R$ 55M) from other investors, validating the quality of this fund investment portfolio.

In any investment portfolio of a VC fund, the distribution of the collective performance of the 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 fud 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.

Please find attached a spreadsheet with the most updated valuation parameters for the current portfolio of Agventures I as of December 31, 2019.

[1] BNDES, as well as other public development institutions in Brazil, has diminished its investments in new venture capital funds in recent years.

[2] Multiple on invested capital (a ratio of the total return of the fund to the LPs to the total amount invested by the LPs).

Other key questions/issues to consider

B#11. Comment from Norway - Reflow of capital. How will reflow of capital to GEF be managed? Will reflow of capital be recycled into the FIF?

Once the Fund initiates its divestment period, any reflows from the Fund would go to the GEF account within the IDB Group and then send back to GEF, on a quarterly basis, as is being done in the cases of the funds EcoEnterprises II - (GEF ID: 4959) and MGM Sustainable Energy Fund (MSEF) (GEF ID:4959). Both funds are in their divestment period and returning capital to their respective limited partners including IDB Lab and GEF.

B#12. Comment from Norway - Team profiles. The most important aspect to assess prior to making a decision is the team. Limited team assessment is provided, and no team profiles are included.

The team of a GP is one of the critical elements, among other variables, that is evaluated when IADB makes an equity into a venture capital fund. SP Ventures? comprises a group of seasoned professionals with extensive experience not only in investments but also in the Agtech industry. Below a brief description of the main members of the team.

Francisco Jardim, Founding Partner, Managing Partner - Founder of SP Ventures, Francisco is the manager of the Paulista Innovation Fund. With a track-record of more than 28 investments in technology companies, 18 of them being in the AgTech sector. Previously, Francisco worked as the S?o Paulo Regional Manager of Criatec Fund for six years, the most important technology seed fund from the Brazilian National Development Bank (BNDES). His previous work experience was in Banking and in hedge funds. Francisco holds a Business degree from the Saint Louis University.

Felipe Guth, Senior Partner - Partner of SP Ventures and responsible for the compliance, legal and financial areas of the Fund as well as for the Paulista Innovation Fund. Felipe is also responsible for accelerating the Fund's health and IT portfolios. Prior to joining SP Ventures, Felipe worked in the medical technology segment in the area of coronary and peripheral stents. Felipe holds a degree in mechanical engineering from the University of S?o Paulo.

Alexandre Stephan, Senior Partner - Joined the team in 2018. Partner of SP Ventures and responsible for human resources and operations areas of the Fund as well as for the Paulista Innovation Fund. Alexandre is also responsible for accelerating the Fund's AgTech companies. Prior to joining SP Ventures, Alexandre worked for 5 years at Aqua Capital focusing in agribusiness private equity investments as well as 7 years of experience in investment banking at ABN AMRO/Santander. Alexandre holds a degree in economics from Ibmec (https://www.ibmec.br/english) in Rio de Janeiro/Brazil and MBA from Insead in France/Singapore.

Ariadne Caballero, Senior Partner - Joined SP Ventures in 2019. Partner responsible for AgTech Investments and the Latam Ecosystem expansion. Prior to joining SP Ventures, Ariadne worked for 10 years at Syngenta where she held positions both in Brazil and Latam as Digital Agriculture Head, Business Development and M&A Leader. Before Syngenta, she held other executive positions at GE Capital and Volvo Financial. Ariadne holds a degree in Industrial Engineering from ITESM (https://tec.mx/es#) and an MBA from the University of S?o Paulo.

Filipe Almeida, Junior Partner - Joined the team in 2019. Responsible for the financial modeling activities of the asset as well as for the Paulista Innovation Fund. Filipe is also seconded in command for accelerating the Fund's AgTech companies. Prior to joining SP Ventures, Filipe worked for 2 years at We Capital focusing in alternative investments as well as 1 years of experience in agribusiness private equity investments at Aqua Capital. Filipe holds a degree in environmental engineering from University of S?o Paulo.

C- Comments from the USA

C#1. USA - We are supportive of this effort to support the consolidation and scaling up of innovative Agtech in small and medium sized enterprise and startups that offer productivity, market, and/or environmental solutions for the agricultural sector. As the project develops, we would advocate that the Fund Manager and implementers remain sensitive to the need to prioritize action in countries other than Brazil, the potential impacts that the upcoming Uruguayan presidential elections may have on operating conditions, and engage in dialogue with conservation organizations and projects that also interface with private solutions in the agricultural sector, including WWF.

The Fund Manager expects up to 60% of the Fund?s capital to be allocated in Brazil, Argentina, Paraguay and Uruguay, and the remaining 40% in other Latin American countries. SPV?s regionalization effort will be conducted in stages. In the first 18 months of the Fund life, SPV will focus on Brazil, Argentina, Chile, Paraguay and Uruguay. Then, after having consolidated its operation and ecosystem building initiatives in those countries, SPV plans to focus efforts to expand to Peru, Mexico and Colombia. Around the third year of operations, and after ecosystem building efforts are implemented in the less developed Agtech ecosystems in the region, the Fund will seek to expand its origination to Central America and the Caribbean. Independently from such active regionalization plan, SPV is recognized as a knowledgeable and experienced team and is sought by entrepreneurs from the whole region and may conduct investments in any LAC country throughout the life of the fund. SP Ventures is also committed to hold missions in the Caribbean and Central America to disseminate their knowledge, conduct ecosystem building initiatives and identify potential investments.

As mentioned in other sections, SPVentures has recently been accepted into the prestigious Capria Network and qualified to receive an investment from the Capri Fund into AgVentures II. Being part of this network would allow the Fund to enhance its co-investment capability in Central America and other countries in the Latin America region.

What corroborates SPVentures? regional view is the fact that Latam AgFood tech has proven to be a geographically fast scaling asset class. The interrelation between the regions? agricultural and food economies have turned AgFood techs particularly porous across national borders.

The following portfolio companies from Agventures I fund already have successfully acquired clients and expanded operations outside of their mother countries:

a) Inceres ? two years after a first seed investment, Inceres highlights itself as the market leader analyzing the different software tools available for Precision Agriculture in Brazil, achieving more than 7MM hectares of processed area (strong soil data base), also working with initial clients in Bolivia, Paraguay and Colombia, next markets to be roll-outed.

b) Agrosmart ? more than 300k irrigated areas under daily monitoring, from high value add farmers and influencers in Brazil. Clients in Peru, Colombia (with formal distribution presence), Mexico, USA, Israel and initial entry discussion in Kenya. Agrosmart became quickly the most recognized LAC Agfood tech case, winning prizes all over the world, from the World Economic Forum to the main Acceleration Programs in the Silicon Valley, building strong partnerships with key food and beverage players as Coca-Cola and Cargill.

c) Inprenha ? recognized as a referenced biotech for Animal Health in Brazil, with more than 20,000 animals tested for its first biotech input, Inprenha closed recently a global Licensing Agreement with one the biggest Pharmaceutical Multinational groups in the Animal Health segment, aiming to launch its Product globally after regulation procedures in the US and EU.

d) Agrofy ? In two years has become a truly channel of purchase for agricultural inputs in Argentina, closing deals with the major companies in the local market. Agrofy has already started operations in Uruguay, Paraguay, Bolivia, Brazil (new office for local commercialization). In Argentina Agrofy News became the main digital content portal for Agriculture in the country (lead generation strategy for e-commerce boost).

e) Horus ? clients in Brazil, Argentina and Paraguay, with a strong export platform within the firm. Horus is already a market leader for Drones in Brazil and grows significantly as a processing tool for high resolution imagery analysis, through a network of specialized representative agents.

f) Aegro ? more than 1MM hectares under management in its FMS solution and more than 500 customers acquired in the last 18 months, in the main regions of Brazil. In parallel, Aegro scaled up globally through a full-digital strategy of sales, adding clients over a diversified base of countries (more than 60 with active users), such as Paraguay, Portugal, Peru, Venezuela, Colombia, Cuba, EUA, Canada, South Africa, Angola, Australia, Spain, France, England, Norway, Poland, Egypt, Iraq, Saudi Arabia, India, China and Indonesia.

g) Jetbov ? more than 1MM cattle heads already through the platform, from clients in Brazil, Angola and Paraguay.

The extensive geographic operations of distributors, resellers, trading groups, industries of inputs (i.e. seeds, etc.) spread throughout Latam, make it much less difficult for firms with successful solutions (i.e. products and / or business models) to scale beyond their home countries. Thus, the quest to create homegrown Latam AgFood tech with successful companies is one of the prime objectives of AgVentures II.

SPVentures as an active participant in the sector is part of a large network of institutions involved in the agricultural and environnmental sector with which share knowledge on multiple subjects. In addition, being part of the Capria Network would provide SPVentures with additional conduits to interact with other type of organizations both regional and local.

D- Comments from the UK:

D#1. United Kingdom - Agtech has a potentially important role for adaptation. This is something the UK would encourage. We were surprised not to see anything on deforestation given some of the geographies. Will this be a possible addition to the mandate? (Please See IDB Response Agreed During Council Attached)

The Fund?s investment thesis comprises the investment in innovative technologies that improve agricultural practices. As such investing in technologies that combat deforestation is part of the Fund?s investment thesis which is in line with GEF?s mission.

D#2. United Kingdom -This is a second fund. How did Agventures I perform?

Agventures I, which started operations in 1Q2014, had a R$ 105m fund size (USD 40M at that time) capitalization ? made investments in 20 companies with 80% of total capital invested in Agtech firms. It currently has a marked-to-market return of Net IRR of 17.10% in BRL and MoiC (Multiple on invested capital) of 2.28x as of the end of 2020. Overall gross revenue of portfolio companies has been growing at 65% per year. This fund has already received exit offers for 4 of its portfolio companies, for returns fluctuating between 2x and 4x multiples. Recently, Agventures I executed its first exit, by selling its position in portfolio firm Brain Ag to Experian for a 3.67x return. Additionally, portfolio companies from Agventures I were able to raise new rounds of capital (in excess R$ 55M) from other investors, validating the quality of this fund investment portfolio.

ANNEX C: Status of Utilization of Project Preparation Grant (PPG). (Provide detailed funding amount of the PPG activities financing status in the table below:

Not applicable

ANNEX D: Project Map(s) and Coordinates

Please attach the geographical location of the project area, if possible.

Not available, as private sector entities have not yet been selected.

ANNEX E: Project Budget Table

Please attach a project budget table.

Budget Table - AgVentures II VC Fund & associated Knowledge and M&E Activities
(please note that Budget includes those resources managed by the Fund Manager, as well as activities managed by IDB and financed through part of the IDB's Agency Fee related to the U$5M in GEF Financing)

Expenditure Category	Detailed Description	Single Component (U$ of Mobilized Investments)			PMC	Sub-total	M&E	KM	Total (U$)	Responsible Entity
		GEF Financing	IDB Co-Financing	Other Co-Financing	Project Financing	Project Financing	IDB Agency Fee	IDB Agency Fee	All Financing	
Works	n/a	0	0	0	0	0	0	0	0	n/a
Goods	n/a	0	0	0	0	0	0	0	0	n/a
Vehicles	n/a	0	0	0	0	0	0	0	0	n/a
Grants/ Sub-grants	n/a	0	0	0	0	0	0	0	0	n/a
Revolving funds/ Seed funds/ Equity	AgVentures II Venture Capital (Equity Investment) Fund, incl. Management Fee (*)	5,000,000	4,000,000	51,000,000	0	60,000,000	0	0	60,000,000	SP Ventures (AgVentures II Fund Manager)
Sub-contract to executing partner/ entity	n/a	0	0	0	0	0	0	0	0	n/a
Contractual Services - Individual	Independent Consultants contracted to carry our **Mid-Term and Final Evaluations**, in line with GEF and IDB requirements	0	0	0	0	0	85,000	0	85,000	IDB Lab, with support from IDB-GEF Coordination Group
Contractual Services - Company	Analytical and graphic support for Knowledge Management Activities (**)	0	0	0	0	0	0	90,000	90,000	IDB Lab
International Consultants	n/a	0	0	0	0	0	0	0	0	n/a
Local Consultants	n/a	0	0	0	0	0	0	0	0	n/a
Salary and benefits/ Staff costs	n/a	0	0	0	0	0	0	0	0	n/a
Trainings, Workshops, Meetings	Fund Managers Meetings (Knowledge Sharing Activity)	0	0	0	0	0	0	10,000	10,000	IDB Lab
Travel	n/a	0	0	0	0	0	0	0	0	n/a
Office Supplies	n/a	0	0	0	0	0	0	0	0	n/a
Other Operating Costs	n/a	0	0	0	0	0	0	0	0	n/a
Grand Total *(includes items paid through Agency Fees)*		5,000,000	4,000,000	51,000,000	-	60,000,000	85,000	100,000	60,185,000	
		GEF Financing	IDB Co-Financing	Other Co-Financing		Project Financing	IDB Agency Fee	IDB Agency Fee	All Financing	

NOTES:

(*) Each Limited Partner will pay to the Fund Manager/ General Partner (SP Ventures) a yearly Management Fee equal to 2% of Fund's committed capital during the investment period, and 2% of invested capital net of write-offs and divestments thereafter. These funds will cover primarily the cost of operating the Fund for the Fund's lifetime and include legal services, valuation fees, taxes, accounting, audits, insurance, investor relations, salaries, travel costs and office rent. The management fees, by paying salaries, also **indirectly contribute to M&E activities that are part of Fund Manager's Responsibilities according to the terms agreed with the LPs**, for example, the monitoring of project progress, Core Indicators, ESG performance, and results, as well as reporting these to the IDB (GEF Agency). To avoid double-counting, these costs are accounted for under PMC, given that it is not *a priori* possible to disaggregate the use of the Management Fee to the level of detail required to allow for listing them separately.

(**) Knowledge Management Activities include a Sectorial Agtech Thematic Study (mapping of Agtech in LAC), Studies regarding Venture Capital Funds's decision making, Studies regarding impact by Agtechs in LAC, and Knowledge Sharing events specifically the so-called Fund Managers Meeting.

ANNEX F: (For NGI only) Termsheet

Instructions. Please submit an finalized termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A of the Call for Proposals that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A of the Call for proposals. Termsheets submitted at CEO endorsement stage should include final terms and conditions of the financing.

Project Title	*Agtech for inclusion and sustainability: Agventures II Investment Fund LP (the Fund)*
Project Number	GEF ID: 10336
Project Objective	Support the consolidation and scaling up of innovative agtech SMEs and startups thatoffer productivity, market, and/or environmental solutions for the agricultural sector.
Countries	Regional: Latin America and the Caribbean (LAC). The fund manager expects 60% of the fund?s capital to be allocated in Brazil, Argentina, Paraguay and Uruguay, and 40% in other LAC countries.

Agency Presenting Project	Inter-American Development Bank
Financing/Investment Type	Equity investment into the Fund
Project Financing	Target Fund size: $60 Million (including GEF funding) IADB (BID Lab): $4 Million SPVentures(FundManager):$1.20 Million Other Investors: $49.80 MM (excluding GEF funding)
GEF Proposed Investment Amount	USD$ 5 Million
Currency	US Dollar
Size of the Fund	Total Capital Commitments (Target): $60 Million As stated in the LPA, the Fund will raise subsequent rounds of capital, at SPVentures? discretion, during the next 12 months following the first round of capital raising which took place in June 2020.
Co-Financing	Total Co-financing expected: $55 Million As of June, 2021, the capital base is as follows: ? IADB: $4 Million ? Committed ? Capria: $3 Million - Committed ? BASF Venture Capital: $4 Million ? Committed ? Syngenta Ventures: $4 Million ? Committed ? Private Investors ? High Net Worth Individuals: $2.8 Million - Committed ? International Finance Corporation (IFC): $10 Million - Committed ? Adisseo: $1.5 Million ? Committed ? The Mosaic Group: $4 Million ? Committed ? Additional Investors (without GEF): $22.2 Million ? subsequent rounds The Fund?s investors (Limited Partners or LPs), aside from the IADB/IDB Lab, will comprise global agricultural corporates, development financial institutions, private companies, individual investors, and family offices (managers of high-net-worth individuals) among others. Expected co-Financing ratio: 1 GEF to 11 Co-financing

Investment Strategy	Fund will invest in 20-30 early stage Agtech startups across LAC. The Fund will be investing from early seed (pre-operational companies) stage to late seed / series-A, typically with a USD 750,000 ticket at early seed stage to a USD 1-2 million initial ticket for late seed/series-A companies. The Fund will continue investing in subsequent rounds to fund the scaling up of the most promising companies of the portfolio. Opportunistically, the Fund would also invest in series-B rounds for selected companies (typically USD 4 million tickets). The Fund Manager expects at least 25% of the capital to be invested in early seed, and the remainder in Late-Seed/Series-A and Series-B rounds. For every Dollar invested in the initial rounds, the Fund Manager anticipates that 1.5X that amount would be allocated to follow-ons. The Fund will acquire preferred shares issued by the portfolio company via direct equity (series A onwards) or traditional convertible notes structure (for earlier stage deals). These investment instruments will assure the governance and fund rights that SP Ventures follows as best practices in the venture capital industry. In most cases, the Fund Manager is expected to take active board participation in portfolio companies with duties like for example attracting and retaining talented management team members, mentoring the executive team, providing market level insight, guidance and support for future fundraising, monitoring performance, overseeing and promoting fiscal, legal and ethical governance standards. The investment policy would include, among other matters, limitations on types of investments, limits on capital allocated per investment, and geographic allocation of capital. In addition, the investment policy would include integrity review of underlying investments and there would activities/types of business in which the GP will not be allowed to invest in. These three issues/matters are always part of requirements demanded by the IDB Lab when investing in VC funds and have also been part of the LPAs of the funds in which GEF and IDB Lab have co-invested. The addition of IFC as Limited partner would help to enhance the implementation and monitoring of Environmental, Social, and Governance policies and guidelines. An Investment Policy is part of any LPA of a venture capital fund. This Fund and the funds in which IDB Lab and GEF have co-invested are not exceptions to it. The LPA includes a series of limitations with which the General Partner has to comply. Main limitations part of the Investment Policy include: (i) expected geographic allocation of 60% of the fund?s capital to be allocated in Brazil, Argentina, Paraguay and Uruguay, and 40% in other LAC countries, and (ii) no more than 20% of the Fund?s capital in one single investment. Related to the Investment Policy there would be an: (i) Exclusion List describing the types of companies the Fund would not be allowed to invest, and (ii) Environmental and Social (?E&S?) Risk Management Guidelines which provides a set of guidelines to guide the assessment, categorization and reporting of E&S risks associated with Portfolio Investments.

Life of the Fund	The Fund will have a ten-year life, with two possible one-year extensions if approved by the majority of the ownership interest of the LPs. The Fund will have a 6-year Investment Period and a 4-year Divestment Period. Since this is a close-ended fund, all investors, including IDB Lab and GEF, will exit at the same time at the end of the Divestment Period.
Capital Structure	100% equity investments from the fund?s investors (Limited Partners)
Fund?s Investment Instruments	Equity or quasi-equity to be used for investments
Exposure Limits	No more than 20% of the Fund?s capital will be allocated in one single investment
Management Fees	The Management Company will receive an annual management fee equal to 2% of Fund?s committed capital during the investment period, and 2% of invested capital net of write-offs and divestments thereafter.
Distribution of Proceeds to Limited Partners	The net proceeds attributed to the exit of an investment in a portfolio company, together with any dividends and interest (and any other receivables) gathered from the investment, will be distributed to Limited Partners as follows: (i) 100% to all Limited Partners in proportion to their capital contributions until they have received distributions equal to their aggregate contributed capital. (ii)100% to the Limited Partners in proportion to their capital contributions until the cumulative distributions to each Limited Partner equal a preferred return of 8% in US Dollars. (iii) Thereafter, distributions will be made 80% to Limited Partners in proportion to their capital contributions and 20% to the Fund Manager as carried interest.
Fund?s Financial Return	Assuming a Fund capitalization of USD 60M and under a base-case scenario, the projected net IRR (in USD) is estimated, but not guaranteed, around 20%. The Fund will invest in early-stage businesses that may undergo substantial changes at the operational, human resources and governance levels in order to propel growth. The Fund may incur in losses and be unable to realize the expected financial returns or even recover the invested capital.
Operating Expenses	Fund operational expenses, such as transaction costs related to acquisition or exit of investments; taxes and other government fees; preparation of financial statements, capital calls, tax reports and returns, insurance; audits, counsels, or professional advisors; litigation; etc., will be covered by the contributions to the Fund made by investors, as per approved annual budget. Custodian, administrator fees and costs directly related to the attributions of the GP will be paid out of the management fee.

Reporting	The GP will provide unaudited financial statements and performance information for each of the Fund?s investees on a quarterly/semiannual basis, as well as audited financial statements and valuation reports on an annual basis. The GP will also provide any other report or information reasonably requested by LPs.
General Partner Capital Commitment	The Management Company will commit to 2%, in cash, of total capital commitments in the Fund.
Fund Liquidation	The Fund will be terminated upon: (i) expiry of the agreed duration of the Fund or (ii) by approval of the LP Assembly?s Extraordinary meeting, with approval of at least 75% of the voting shares. In either case, the Fund Manager or a liquidator elected by the LPs will oversee liquidation of the Fund.
Capital Calls	Disbursements to the Fund will be made according to each of the Limited Partner?s percentage of the Fund?s total capital commitments and *pari passu* among all, including GEF. Capital calls will be made over time in tranches to cover the Fund?s new investments and management fees.
Governance	The Fund will be managed by the General Partner with two main governance bodies: (i) Limited Partner Advisory Committee (LPAC), and (ii) an Investment Committee (IC).
Investment Committee	The Investment Committee will be responsible for making investment decisions and shall be constituted by four partners of the Fund Manager and one independent member. The IADB/IDB Lab/GEF will be granted an observer seat in the Fund?s IC with the same information rights of a voting member.
Advisory Committee	It will be the deliberative body responsible for approving the members of the Investment Committee proposed by the General Partner, overseeing the performance of the Fund Manager, dealing with any conflict of interests, and approving any extensions and changes in the Fund?s bylaws (with limited partners? approval, when required). IADB/IDB Lab/GEF will be granted a voting seat in the Fund?s Limited Partners Advisory Committee (LPAC).

ANNEX G: (For NGI only) Reflows

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals and the Trustee excel sheet for reflows (as provided by the Secretariat or the Trustee) in the Document Section of the CEO endorsement. The Agencys is required to quantify any expected financial return/gains/interests earned on non-grant instruments that will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with the reflows procedures established in their respective Financial Procedures Agreement with the GEF Trustee. Agencies are welcomed to provide assumptions that explain expected financial reflow schedules.

GEF Project Number	GEF ID: 10336

Estimated Agency Board Approval Date	SP Ventures Regional Fund (Agventures II) received eligibility from the IADB/IDB Lab and was approved by the IADB Donors Committee for an equity investment of USD$ 4 Million in August 2019.
Investment Type Description	Equity investment into the Fund
Expected date of Start of Investment	June 30, 2021 ? the Fund executed its first closing in June 2020.
GEF Investment	USD$5MM
Amount of GEF Investment (Co-Financing)	USD$55MM
Estimated Return	Assuming a Fund capitalization of USD 60M and under a base-case scenario, the projected net IRR (in USD) is estimated, but not guaranteed, around 20%. The Fund will invest in early-stage businesses that may undergo substantial changes at the operational, human resources and governance levels in order to propel growth. The Fund may incur in losses and be unable to realize the expected financial returns or even recover the invested capital.
Maturity	June 30, 2030 - Ten years from the Operational Closing (closing of first round of capital raising[1]) of the Fund.
Estimated Reflow Schedule	From July 1, 2026 until June 30, 2030. During this period (Divestment Period) the Fund would return, if available, capital and gains to LPs on a quarterly basis as Fund exists from its portfolio companies.
? Repayment Method Description	The net proceeds attributed to the exit of an investment in a portfolio company, together with any dividends and interest (and any other receivables) gathered from the investment, will be distributed to the Limited Partners of the Fund as follows: 100% to all Limited Partners in proportion to their capital contributions until they have received distributions equal to their aggregate contributed capital. 100% to the Limited Partners in proportion to their capital contributions until the cumulative distributions to each Limited Partner equal a preferred return of 8% in United States Dollars. Thereafter, distributions will be made 80% to Limited Partners in proportion to their capita l contributions and 20% to the Fund Manager as carried interest.
Frequency of reflows payments	Reflows will take place as the Fund exits investment positions. When and if reflows exist, reflows will be transferred to GEF on a quarterly basis.

First repayment date	Not earlier than July 1, 2026 which is the beginning of the Divestment Period
First repayment amount	Not possible to predict.
Final repayment date	Not later than June 30, 2030. The Fund will return, if money available, all its capital and gains prior to this date, but this date (unless extended by LPs) marks the end of the Divestment Period.
Final repayment amount	The amount is difficult to predict since it would depend on the success of the Fund. However, assuming a $60 Million capital commitment and the IRR indicated below, the Fund is expected, but not guaranteed, to yield a total of $20.70 Million.
Total principal amount to be paid ? reflowed to the GEF Trust Fund	USD$5 Million
Total Interest/earnings amount to be paid-reflowed to the GEF Trust Fund	Expected net yield/ net IRR = 20%

IDB Lab, as part of its financial due diligence, performed a financial modeling to assess the expected returns of the Fund. The IRR submitted to GEF reflects the Base Case scenario of the assessment. General assumptions included: (i) capital commitments would reach $60 Million, (ii) number of portfolio companies/investments equal 21, and (iii) average holding period of investments equals 6 years. Under this base-case scenario, the projected net IRR in USD is ~20%, assuming that out of the 21 investments executed by the Fund: one is divested at with stellar multiples in the order of 10x, two exits at successful multiples of around 5x, one exit with moderate multiples (2-3x), six capital returns (1-2x), and 11 investments incur in capital losses or write-offs. In a more pessimistic scenario, the net IRR drops to around 10% considering there are no exits with stellar multiples, only one exit at successful multiples (5x), four exits with moderate 2-3x multiples, six divestments returning capital and 10 investments incurring in capital losses or write offs. According to the sensitivity analysis, the Fund would have to incur in 13 write offs, have 5 investments returning capital (1-2x multiples) and have the remaining three exits at moderate multiples (2-4x) for the capital base to be at risk. The Fund?s financial model is consistent with IDB Lab?s own observations across its diverse portfolio of investments into venture capital funds.

The table below summarizes the results of the three different scenarios for AGVentures II.

SUMMARY OF FINANCIAL MODEL PROJECTIONS

	Scenario	Optimistic	Base	Pessimistic
	Gross IRR	28.50%	22.15%	10.89%
	Net IRR	25.60%	20.14%	9.87%
	Avg. Exit Multiple	3.27	2.88	1.88
	LP net multiple on Committed Capital	2.36	2.11	1.43
Investment	Timing of Investment	Exit Multiple	Exit Multiple	Exit Multiple
1	Seed	20.0x	3.0x	2.0x
2	Seed	10.0x	1.0x	0.0x
3	Seed	3.0x	0.0x	0.0x
4	Seed	3.0x	0.0x	1.0x
5	Seed	1.0x	3.0x	2.0x
6	Seed	0.0x	0.0x	0.0x
7	Seed	0.0x	0.0x	0.0x
8	Seed	0.0x	0.0x	0.0x
9	Seed	1.0x	0.0x	0.0x
10	Seed	1.0x	0.0x	3.0x
11	Seed	2.0x	0.0x	0.0x
12	Seed	2.0x	0.0x	0.0x
13	Series A	0.0x	5.0x	2.0x
14	Series A	0.0x	0.0x	0.0x
15	Series A	1.0x	0.0x	3.0x
16	Series A	2.0x	2.0x	5.0x
17	Series A	3.0x	1.0x	3.0x
18	Series A	5.0x	5.0x	0.0x
19	Series B	2.0x	2.0x	2.0x
20	Series B	10.0x	10.0x	3.0x
21	Series B	1.0x	3.0x	2.0x

Summary of possible returns for GEF?s investments under the scenarios above:

Investment: $5 MM	Optimistic	Base	Pessimistic
Net IRR % p.a.	25.60%	20%	9.87%
Return ($ MM)	~ $33.8	~$20.70	~$6.60

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[1] June 29, 2020

ANNEX H: (For NGI only) Agency Capacity to generate reflows

Instructions. The GEF Agency submitting the CEO endorsement request is required to respond to any questions raised as part of the PIF review process that required clarifications on the Agency Capacity to manage reflows. This Annex seeks to demonstrate Agencies? capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).

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 strong private sector arm, not only has the ability to accept financial returns and manage reflow to the GEF Trust Fund, it has already transferred over U$ 2.5 Million in reflows to the GEF Trust Fund (corresponding to the first divestments from VC equity funds seeded with GEF NGI resources).

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, IDBG as the GEF Agency participates actively in the Fund?s Limited Partner Advisory Committee and monitors the activities and progress of the Fund, including investments, 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) not only within its normal lending operations, but also for transactions across trust funds

The IDB Group has a Grants and Co-financing Management Unit (GCM) that is exclusively dedicated to the management of 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. As such, 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 commitment 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 possibly to guarantee twice-yearly reflows for every year in execution. Specifically, for VC funds, reflows tend to materialize once the divestment period commences (generally 6 year of operations). For concessional loans, reflows depends on the financial terms, including tenure, of the loans, and guarantees add the further element of uncertainty as to whether they will be ?called? or not. And, in case of NGI for private sector beneficiaries:

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 not yet reached the stage during execution where reflows are generated. However, GEF has already received over $2.5 million in reflows from the EcoEnterprises II VC fund, which only recently entered its divestment phase (compared to an invested capital of U$ 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).