

AGRI3 A Forest Conservation and Sustainable Agriculture Fund for Developing Countries

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10497

Countries

Global

Project Name

AGRI3 A Forest Conservation and Sustainable Agriculture Fund for
Developing Countries

Agencies

CI

Date received by PM

11/17/2021

Review completed by PM

8/16/2022

Program Manager

Teayeon Kim

Focal Area

Multi Focal Area

Project Type

FSP

PIF

CEO Endorsement

Part I ? Project Information

Focal area elements

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

Secretariat Comment at CEO Endorsement Request

The project has significantly reduced BD impacts whereas the document mentions deforestation and conservation as goals several times during the document. Conservation is not a primary goal, information throughout the document should be re-arranged to mention LD and CCM goals as primary goals of the investment.

The BD focal area alignment is difficult to justify with very limited amount of core indicator.

On LD, There are also non-negligible changes to indicators 4.1, 4.2 and 4.3 with a significant reduction overall of what was submitted at PIF, which reduces the GEBs generated by the project. Please explain.

July 20 2022

Cleared. The core-indicator changes have been justified and consistently explained in the project document. The changes are acceptable.

Additional comment

The expected implementation/completion date do not match with the duration of the project. Kindly review and correct as appropriate.

September 2022 - Cleared.

Agency Response

CI-GEF 04/04/2022:

Due to the geographic location and precise nature of projects to be supported by the AGR13 Fund is not yet known, it would not be possible to include core indicators relating to biodiversity ? which are likely to be location specific. However, by increasing the hectares of forested lands under improved management (Indicator 1.1.1) and increasing the hectares of agricultural lands under sustainable management the Fund is confident that it will positively impact biodiversity in the areas affected by projects it supports.

However, AGR13 is well aligned with the GEF Biodiversity Focal Area and can make direct contributions towards GEF's Biodiversity Objective 1 to ?Mainstream biodiversity across sectors as well as landscapes and seascapes.? This is outlined in more detail in paragraphs 209-211 of the ProDoc / Section 1a Part 2 Updated Project Description item d) Alignment with GEF Focal Area Strategies and/or Impact Program strategies section of the CEO ER/portal.

The indicator changes from the PIF to CER are relatively small-scale and have been addressed in CER Section 1a. Part 2 Updated Project Description item f) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF), with a rationale for the changes for GEF Indicators 3, 4 and 11. Additional highlighted text has been included here for changes for indicators 3.1, 4.1, and 4.2. AGR13 is no longer using 4.2, as the Fund will be more broadly focused on bringing land under improved practices to benefit biodiversity(4.1) and improved management (4.3) and is not exclusively focused on third-party certification. However, the overall figure for Indicator 4 has increased. The rationale for the changes in relation to the PIF are included in Summary section 0, Changes from the PIF. These minimal changes to the indicators will not have a significant impact in terms of the GEBs generated by AGR13

Project description summary

2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat Comment at CEO Endorsement Request

Please change expected dates for start and implementation (actual dates are passed).

The Project Doc mentions that the EA is not Mirova anymore but CARDANO, please address at the beginning of the CER.

Project results framework and Table B refer to 'companies' receiving PartnerBanks financing. In some appendices you describe what you mean by companies: 'clients throughout the agricultural value chain such as primary producers, processors, wholesalers, technology providers, input providers, corporates and local FIs'. This definition needs to be included clearly in the document. And in the alternative scenario.

GEF would like to understand how the ultimate goals stated by the Fund can be reached by some of these actors such as wholesalers, technology providers etc.

Project Objective in this table should be the same throughout the documents. The GEF does not participate in the 15M TA, so the description is misleading.

Please refer to other sections (p35 of CEO endorsement package) where project Goals are stated. Please also address comments on conservation if this is not a major goal of the fund.

Project summary should first describe the environmental impact and then how the fund will achieve it (through de-risking).

Describe final beneficiaries (small, medium sized farmers) and also the Partnerbanks figure are recipients of the guarantee.

In several sections of the document, we see that other value chain actors of the commodities world seem to benefit from the project.

Please clarify why in the document there is a brief mention to non-bank institutions. The termsheet also mentions 'other suitable financiers' as recipients of the Fund de-risking. This aspect should be clear throughout the document, including outputs and outcomes.

Please note that the way Table B is written, seems that GEF supports TA too.

Please make sure that the GEF project financing is not used for output 1.2.1.2 (TA of US\$ 15). We are not funding that portion.

There should be one indicator of the Fund investment (i.e. US\$ 140 M deployed in de-risking products).

If most expected outputs are applied to both outcomes 1.1 and 1.2, should outputs be numbered separately as in PIF?

In expected outputs, please delete note [1] or revise the numbering. Also, revise typo in note [5] and [6].

Please include comparison and justification of PIF-CER from prodoc in the CER.

Comments July 2022

1. Okay
2. Okay ? confirm the language is included. However, please change ?Other Executing Partner(s)? in the project information in CER too.
3. Okay
4. Okay
5. The project objective hasn't changed. The project objective should be an objective of the GEF investment to AGRI-3, de-risking senior tranche by the GEF investment and ultimately mobilizing private sector for three main objectives ? prevent deforestation, sustainable agriculture and improve rural livelihoods.
6. Okay
7. The comment was for the table B in CER
8. This should be included in the 10. Benefits section. Also, all the comments and revisions should be reflected in the CER, not prodoc. The answer for the review sheet from the agency only refers to the prodoc.
9. Ok
10. Ok
11. Ok for the answer but overall, please revise Table B?s footnote numbers again ? [3] is stated twice, and some of them are without bracket, which would look like a typo, and some of them are linked to the footnote and some of them are not.
12. Ok
13. Question is not answered properly. The comment means that all outcomes contribute to both Outcome 1.1 and Outcome 1.2, not those specific outcome numbered under. If it cannot be disaggregated for now and it is expected to have multiple companies to have combining forest conservation/restoration and agriculture plan, it is better to number outputs separately from the outcome.
14. Please revise footnote throughout the CEO Endorsement. Not only Table B, there are many footnote numbers in the body but not properly referenced in the CEO Endorsement. Either delete the numbers or include all footnotes in the CEO Endorsement.
15. The ?changes from the PIF? section is added but needs to be updated following comments from the GEF SEC.

Agency Response

CI-GEF 08/12/2022:

2. other executing partners changed in the portal

5. The project objective is the same as the one approved by Council at the PIF stage. We do not see the reason for revising the objective statement at this point and so we propose to keep it the same.

7. We do not consider that Table B/Results Framework needs to be changed as all requested updates were included. ? Since we are maintaining the project objective as is, please disregard this comment (comment from ABD on 08/08).

8. It is in section 10 of CER, same as all other sections that are both in ProDoc and CER/portal. This can be found in the ?Objective, Components, Expected Outcomes, Targets, and Outputs? section under Beneficiaries.

11. To prevent confusion we removed all footnotes from CER, they can still be found in ProDoc as they clarify/expand things across the document.

13. Outputs and outcomes need to be related in the RF to ensure that we can monitor indicators and targets properly during implementation phase. This follows the standard format of CIGEF projects.

14. To prevent confusion, we have deleted all footnotes.

15. The Changes from PIF section included in portal and was updated.

CI-GEF 04/04/2022:

1) The start date and end date have been updated accordingly

2) The change in EA is included in the portal under Section 0: Changes from the PIF item 8) Rationale for changes in EA in relation to the PIF.

3) A definition of Partnerbank clients or companies is provided in the Glossary of Terms, as well as in Section 1: Project Summary paragraph 25 (ProDoc). A definition has also been included in a footnote in Table B and in the alternative scenario of the CEO ER/portal. This approach has been clarified in paragraph 103 of the ProDoc (Beneficiaries)/Section 1a. Part 2 Updated Project Description item c) Proposed Alternative Scenario section of the CEO ER/Portal/ Beneficiaries.

4) Although the ultimate beneficiaries will be farmers, the target clients of the Partnerbanks will be organizations across the agricultural value chain. This approach is crucial to the overall goal of the AGRI3 Fund in transitioning to more sustainable practices and removing deforestation in agricultural value chains. Pipeline Transaction A looks at how technology providers can meet the objectives of the fund through new sub-soiling technology across 15k ha of land, could boost yields by 15% as well as increase soil carbon. By increasing yields and area of forest under conservation the activities will contribute national and state-wide production/protection goals.

5) Project objective is consistent with the objective approved at the PIF stage. There is a difference between the overall Agri-3 Fund objective (paragraph 94) and the specific project objective. The project objective is consistent throughout the documents. The USD 15 million in TA has been included in the Project Objective throughout as the TAF will be managed by IDH and set up as a separate facility, but it will inextricably be linked to the Fund's financing activities, working closely with the Fund Manager and the Investment Advisers. The TAF will provide pre-investment support, post investment TA, support learning and knowledge sharing and provide impact monitoring and reporting of projects. This support will be critical to the achievement of the GEF Project Objective. To confirm, the GEF will not be funding the AGRI3 TAF.

6) The Fund, impact, and investment objectives of AGRI3 are provided in the CER Section 1a. Part 2 Updated Project Description item c) the proposed alternative scenario/ beginning on p.36 of the ProDoc. These are the overall objectives of AGRI3, the specific AGRI3 objectives which are referenced in Table B are included in the CER/portal/ from paragraph 136 of the ProDoc. A major goal of the AGRI3 Fund is to prevent deforestation and stimulate reforestation and contribute to sustainable and efficient agricultural production, which can have a direct impact on the conservation of biodiversity. Eligible projects should focus on at least one of the first two impact objectives (Forest Protection and reforestation, and Sustainable Agriculture) of the Funds and always contribute to the third (Improved Rural Livelihoods). As the composition of the 48-company pipeline for AGRI3 is not yet known, it is difficult to know how many will be focused on the conservation and restoration of forests. Further comments on the AGRI3 alignment with biodiversity focal areas and core indicators are addressed above.

7) Updates have been made to CER Section 1a. Part 2 Updated Project Summary item a) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed/paragraphs 23-28 of the ProDoc to describe the funds environmental impact and how it will aim to achieve this.

8) The description of the ultimate beneficiaries in CER Section 1a. Part 2 Updated Project Summary item a) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed/paragraph 26 has been updated to include all scales of farmers, small, medium and large. Paragraph 25 of the ProDoc has also

been updated to include information that the Partnerbanks are the recipients of the guarantee.

9) Other value chain actors will be supported by the Partnerbanks and are part of the AGR13 model as clarified in CER Section 1a. Part 2 Updated Project Summary item a) The global environmental and/or adaptation problems, root causes and barriers that need to be addressed/paragraph 26 of the ProDoc.

10) The definition of Partnerbanks has been amended throughout the document to include non-bank institutions, including a footnote definition in Table B.

11) GEF project financing will not be used to fund output 1.2.1.2. A footnote has been added to Table B to clarify this. The TA was also included in the Results Framework for the PIF, so we have included it for consistency.

12) An Indicator 1.2.1.1a (Amount of funding deployed in de-risking products to Partnerbanks) has been included in Table B.

13) The outputs are not numbered separately as detailed in Table 1 ?Changes to Outputs and targets from the PIF? as the potential composition of the 48-company pipeline is not known and therefore an exact split between forest conservation/restoration and sustainable climate-smart agriculture plans is not possible to predict accurately or meaningfully. There is also likely to be multiple companies combining forest conservation/restoration and agriculture plans.

14) Footnotes updated

15) Comparison table included

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat Comment at CEO Endorsement Request

Yes. But many comments to be addressed on Termsheet and Reflow table sections.

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description

of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request

Source of Co-financing for ?Government of the Netherlands? should be ?Donor Agency?.

Type of Co-financing for ?Government of the Netherlands? for guarantee/subordinated debt should be either ?guarantee? or ?loans? ? if the percentage of guarantee/loan is fixed, please provide different rows with respective co-financing type.

Source of Co-financing for ?Equity ? to be mobilized? after GEF grant should be classified as ?Private Sector?. Please explain what do you mean by Other.

Please provide description for other ? to be mobilized after GEF grant ? type of co-financing (loan?) and investment mobilized. Also, please provide description on why this amount has increased from the PIF of \$5mln.

We would have expected additional co-financing commitment from the Private Sector at this stage, to validate the high co-financing ratio of this project. Please explain.

GEF financing shall not be used to de-risk DFIs (which you mention somewhere in the doc when you discuss the open architecture section as potential partners). Please explain.

Please explain the maturity of 10 years of the (reimbursable) grant as described in the Ministry of Foreign Affairs co-financing letter. How does this affect the likelihood of GEF financing to be repaid?

Please confirm if the TAF is a different technical assistance facility than the one approved for the LDN fund and other funds. We understand it is the specific fund financed (amongst others) by the Min of the Netherlands.

July 22/2022

1. No ? second one is not updated.
2. Ok. Confirm the co-financing letter specifies the co-financing from the Government of the Netherlands is (reimbursable) grant and categorized in the table as grant. This should be consistent with what is in the termsheet.
2. Ok.
3. Ok. Please update the source of co-financing once materialized, in MTR. Why this amount has increased is not answered, please mention this in the comparison table with the reason (Table 1).
4. OK.
5. This question was not answered. The GEF financing should be to de-risk private sector investment. Please confirm we are not de-risking DFIs.
6. Ok ? yes please, revise wording of co-financing letter (reads as if 10 yr tenor was applicable)
7. Ok

September 2022 - Cleared. Confirm updated co-financing letter is uploaded.

Agency Response
CI-GEF 08/12/2022:

1. Updated in portal

2. Ok. Confirm the co-financing letter specifies the co-financing from the Government of the Netherlands is (reimbursable) grant and categorized in the table as grant.? This should be consistent with what is in the termsheet.

4. The following has been added to Section 0, CEO ER/portal paragraph 10 in the Pro Doc ? ?The fund has been in operation 2 years since the initial PIF submission. The fund continues to review the capital structure in order to ensure guarantee capacity, tranching, manage costs and deliver investor returns ?The fund has made adjustments to account for the GEF investment and also increased certain tranches and reduced others ? increasing the capital preservation tranche, and reducing the debt tranche. The underlying cash investment aligns with the projected guarantee capacity of the fund. This has been reflected in the model, reviewed and approved by CI ? GEF.?

5. This reference to DFIs was in the PIF and has not changed since. Although the fund expects to mainly be involved in mobilizing private sector investment,

AGRI3's investment policy and mandate allows it to support and derisk DFIs, where there is alignment with objectives and transactions are eligible, including being additional and beyond the risk capacity of a DFI. This is agreed with the funds current investors and there can indeed be opportunities where additional impacts can be generated by supporting DFIs.

6. We have added a note in the ProDoc in Table c to clarify the availability of these facilities and also seek updates to the dates of the co-financing letters. However, the revised letters will not be available for several weeks. To expedite the review process, we are resubmitting the project now to receive PPO comments. Upon receipt of PPO comments, we will resubmit with the updated letters.

CI-GEF 04/04/2022: The Co-financing table has been updated to:

? Source of Co-financing for ?Government of the Netherlands? changed to ?Donor Agency?

? Source of Co-financing for ?Other/Private Sector? for the Equity to be mobilized after the GEF grant changed to ?Private Sector?

? The type of Co-financing from the ?Government of the Netherlands? is a repayable grant to AGRI3 and has been edited to reflect this.

A description has been included for the ?Other? source of Co-financing to be mobilized after the GEF grant and why the overall co-financing has increased in the section Describe how any ?Investment Mobilized? was identified.

In terms of the co-financing commitment from the Private Sector to date, AGRI3 has already mobilized USD 50 million from Rabobank. This has allowed the Fund to close initial transactions (see paragraph 80 of the ProDoc for more details of examples). This initial phase will enable the Fund to build up a diversified portfolio of investments and track record to attract more Private Sector investors. It is in this area that GEF support is critical to increase the availability and scale of funds so as to support the funds transactions and develop ?proof-of-concepts? as quickly as possible. In addition, GEF participation in the Fund will help to provide a level of credibility and security that will attract other investors and partners to the Fund, increasing liquidity and expanding the network of the Fund.

In principle, DFIs are eligible to participate in AGRI3 and benefitting from its de-risking capabilities, on the same terms and conditions as commercial banks. However, on a transaction-level, as clarified in the Private Sector Engagement Section, all transactions must also include private sector participation (paragraph 256). On an investor-level, the approach with DFIs is further outlined in the Stakeholder Engagement Plan, as they could be potential investors into the Fund.

The Ministry of Foreign Affairs grant is for a 20 year period ? from January 2020, and not for a 10 year period. The 10 year period referred to in the co-financing letter is to indicate that the grant from the Ministry of Foreign Affairs will be available during the duration of the GEF funding (which will be for a minimum of 10 years ? ??during the period of performance of the GEF funding, which is expected to be a minimum of 10 years from January 2022 to January 2032.?. We can get an updated co-financing letter if this is required.

A clarifying point that the TAF is a different technical assistance facility to the LDN fund and for other funds has been added in CER Section 1a. Part 2 Updated Project Description item c) The proposed alternative scenario with a brief description of

expected outcomes and components of the project/paragraph 152 of the ProDoc. Specifically, the Technical Assistance Facility (TAF) will be managed by IDH and is separate from other IDH technical assistance facilities, including the LDN Technical Assistance Facility, funding will be mobilized and directed towards three main areas.

GEF Resource Availability

5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?

Secretariat Comment at CEO Endorsement Request

No. Please refer to Core Indicator section and explain how project objectives as described can support the difference in GEBs, (namely on BD).

Ok. Cleared

Agency Response CI-GEF 04/04/2022: The indicator changes from the PIF to CER are relatively small-scale and have been addressed in CER Section 1a. Part 2 Updated Project Description item f) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF), with a rationale for the changes for GEF Indicators 3, 4 and 11. Additional highlighted text has been included here for changes for indicators 3.1, 4.1, and 4.2. AGRI3 is no longer using 4.2, as the Fund will be more broadly focused on bringing land under improved practices to benefit biodiversity(4.1) and improved management (4.3) and is not exclusively focused on third-party certification. However, the overall figure for Indicator 4 has increased. The rationale for the changes in relation to the PIF are included in Summary section 0, Changes from the PIF. These minimal changes to the indicators will not have a significant impact in terms of the GEBs generated by AGRI3.

Project Preparation Grant

6. Is the status and utilization of the PPG reported in Annex C in the document?

Secretariat Comment at CEO Endorsement Request

Yes. but please elaborate the plan for unused PPG amount (\$208,750). Was all planned activities implemented with the amount spent to date?

July 2022

The response from the agency is not reflected in the CEO Endorsement, and please include the language directly in the CER.

Cleared

Agency Response

CI-GEF 08/12/2022: Unused funds will be spent, as activities are ongoing

CI-GEF 04/04/2022: Unused PPG funds has been updated to \$125,418. After CEO Endorsement, any remaining funds will be returned to the GEF.

Core indicators

7. Are there changes/adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?

Secretariat Comment at CEO Endorsement Request

We welcome the increase on core indicators 3.1 & 4.3, however please provide justification on why core indicator 3.2 Area of forest and forest land restored, 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations are 0, and 4.1 Area of landscapes under improved management to benefit biodiversity has decreased.

Considering the expected areas of intervention have changed for restoration and improved management, we expect that the target in terms climate change mitigation potential to be updated. This can be done by Ex-ACT tool uploaded in the section document in the portal (both case for PIF & CER). In addition, anticipated start year of accounting and duration of accounting for Core Indicator 6.1 should be added (20 years period of accounting).

Please provide description on how the calculation came through under the core indicator table ? including core indicator 11. Why was this indicator reduced for women?

July 2022

The core-indicator changes have been justified and consistently explained in the project document. The changes are acceptable.

Additional comments to gender indicators are in Gender section.

Agency Response

CI-GEF 04/04/2022: The indicator changes from the PIF to CER are relatively small-scale and have been addressed in CER Section 1a. Part 2 Updated Project Description item f) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF), with a rationale for the changes for GEF Indicators 3, 4 and 11. Additional highlighted text has been included here for changes for indicators 3.1, 4.1, and 4.2. AGRI3 is no longer using 4.2, as the Fund will be more broadly focused on bringing land under improved practices (4.1) and improved management (4.3) and is not exclusively focused on third-party certification. However, the overall figure for Indicator 4 has increased. The rationale for the changes in relation to the PIF are included in Summary section 0, Changes from the PIF. These minimal changes to the indicators will not have a significant impact in terms of the GEBs generated by AGRI3.

A summary of the methodology for the calculations of the core indicators has been included in paragraph 182 of ProDoc/CER Section 1a. Part 2 Updated Project Description item f) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF). More detail on these calculations are outlined in the APPENDIX XVIII: Maximizing Global Environmental Benefits (GEBs) through the Fund investments of the ProDoc.

For Core Indicator 11, the target associated for female representation has been reduced to 30% to reflect the reality of the projects encountered in the pipeline to date (this is outlined in Table 1 Changes to Outputs and targets from the PIF).

Part II ? Project Justification

1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat Comment at CEO Endorsement Request

Barriers for standard loans and sustainable loans are the same. Please address with specific info on environmental loans and their specific challenges only.

Lack of knowledge of financiers: is this a lack of knowledge that the TAF will address? Is there a place for regulation as main barrier? If not, lack of supportive regulatory environments should be added to the risks section.

A more detailed analysis per country (at least identified countries at PIF level: Indonesia, Brazil, India) need to be further included. There is a lot of information on different appendices, please include a summary in this section.

July 2022

1. Ok
2. Ok, regulatory risk is added in the risk section too.
3. No changes from the last version. Please include as requested.

August 2022

Cleared

Agency Response

CI-GEF 08/12/2022: As stated in the previous review sheet responses, there is detailed country analysis in the Project Context section including a detailed analysis per focus country/region. This includes in Section B: Environmental Context; Section C: Socioeconomic and Cultural Context; and Section E: Root Causes and Barriers. This information can be found under 'Root Causes and Barriers to Addressing the Environmental Problems and Root Causes' and 'To what extent does the BAU scenario address the environmental problems identified?'

CI-GEF 04/04/2022:

AGRI3 will be focusing more broadly on loans provided to companies/clients in the agriculture sector for projects with environmental and social outcomes, rather than specifically just 'environmental loans?'. AGRI3 will provide guarantees to Partnerbanks to derisk loans to projects which promote sustainable agriculture, forest conservation and support rural livelihoods. This will help to address some of the barriers to financing these projects that are outlined in CER Section 1a. Part 2 Updated Project Description item a) Global environmental problems, root causes, and barriers (i.e. loan tenors required are too high). The AGRI3 approach to these loans is outlined in.

Whilst the primary intention of the TAF is not to address bank capacity, there will be opportunities through learning and knowledge sharing as outlined in Section 1.a Project Description C. the proposed alternative scenario. This could be through the preparation of replicable financial products, developing proof of concepts and sharing lessons learned. Based on the desk review and stakeholder engagement, regulation was not identified as a main barrier, but it is a risk and has been included in the risks section of the CEO ER. Specific text (highlight in portal under Output 1.2.1.2): TA funding can

also be used for developing learning and knowledge sharing of successful products.
Such support could extend to:

- ? Preparing a financial product that can be used by other partners and banks;
- ? Develop proof of concepts of new approaches to enable duplication or scale up by others; and
- ? Publications that compile lessons learned, experiences and opinions among the various stakeholders involved in a project (e.g. project developers, investors, experts supporting the Fund, NGOs, local authorities), and disseminate results and impacts achieved such as case studies and briefings on particularly important issues where AGRI3 / the TAF is generating new learning.

A detailed analysis per focus country/region is included in the CER Section 1a. Part 2 Updated Project Description item a) Global environmental problems, root causes, and barriers: Root Causes section (Root Cause 1). The barriers section was initially focused more on a finance sector and commodity approach. Some additional country-level information has been included in the barriers section (Barrier 2). Country-level analysis linked to environmental problems is also included in the baseline section of the CEO ER under the heading, To what extent does the BAU scenario address the global environmental problems identified (paragraphs 86 of the ProDoc)

2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

Secretariat Comment at CEO Endorsement Request

The Baselines should be provided for GEB calculation and not only for the financial product. This section is essential to provide estimated baselines for the Core Indicators and who, and how baselines will be established during implementation to then be recollected and reported. If these are potentially to be done by the local FIs, please say when and how this will be part of the deployment of the guarantees. If the TA will be used to do this baseline work, please indicate.

July 2022

The section has not changed from the previous version, the description of baseline of AGRI3's KPI towards GEBs here in the review sheet needs to be described in the CER. Please refer to the core indicator section for the comments for Appendix XVIII.

August 2022

Not addressed in Review sheet

Agency Response CI-GEF 04/04/2022: As AGRI3 continues to originate transactions, and does not yet know the full composition of its pipeline or portfolio, it would be difficult to include a baseline that would feed into a GEB calculation. Therefore the baseline scenario is a largely qualitative analysis. In addition, we have indicated that the baseline is 0 for all Core Indicators ? in the absence of AGRI3 supported activities. Prior to the start of an investment in a transaction, AGRI3 will work with Partnerbanks and their clients to ensure that a baseline is set against AGRI3's KPIs and the GEBs. This baseline may use existing or proxy data (e.g. national/subnational deforestation rates) and will be informed by the theory of change for the specific transaction (submitted during the investment review process).

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat Comment at PIF/Work Program Inclusion

Please attach figure 1 (we could not find it). Overall, the CEO Endorsement has been copy-and-pasted from the prodoc and often refers to the section following prodoc.

CEO Endorsement itself should have consistent and sufficient information for review (also for Council Circulation). Also, reference numbers are all from prodoc, these should be deleted throughout or revised.

Please include theory of change from prodoc directly into CER.

The Fund will provide both guarantees and subordinated debt as de-risking mechanisms. There needs to be wording here that explains this aspect (it somewhat comes as a surprise in the termsheet that subordinated debt is also used). Right now only Guarantees are used in the ?financial leverage paragraph?. In the Investment Objectives please include SUBORDINATED DEBT specifically. Please also explain what other types of investments (? in accordance to AGRI 3 investment policy) are eligible under this fund. Please include in the termsheet (right now only guarantees and sub debt are mentioned in the termsheet).

Wording in this section needs to define which ?companies? receiving PartnerBanks financing will be explored (this point has been raised in Table B already).

In this section it is crucial to understand the model: Fund de-risks Partnerbanks who finance companies (please explain what you mean by companies) and that will result in large numbers of farmers beneficiaries.

July 2022

Ok ? Figure 1,2&4 are blur and not readable, please upload higher resolution version. Please revise Figure numbers, there are two Figure 4

Ok

Ok but subordinated debt might need to be mentioned earlier on in the CER. (perhaps prodoc para 88, 93)

Ok

AUGUST 2022:

Cleared

Agency Response

CI-GEF 08/16/2022: We have added the phrase 'subordinated debt' in the Prodoc in Sections 24, 67, 88 and 93. The first mention of subordinated debt in the CER is in the section, 'How does AGRI3 address these barriers and change this baseline scenario?' Then again in the sections concerning Barriers and Cost Effectiveness Analysis.

CI-GEF 04/04/2022:

CEO Endorsement is based in ProDoc. At resubmission we have included more information in the portal but also clarified when we refer to ProDoc (paragraph numbers) and how this is consistent with the CEO End sections in the portal.

Theory of change figure Included.

Subordinated debt is mentioned throughout the CER and was included in the PIF submission and is an instrument that the fund is able to use. As stated in the fund's Investment policy, the Fund will focus on risk mitigation products (partial guarantees), although in some cases liquidity instruments (like subordinated debt) may be required because of local regulatory issues. We have updated wording in the CER to make this financial model clearer. For the Impact Objectives of the Fund Section 1a.c. the proposed alternative scenario (CEO ER/portal) (paragraph 95 of the ProDoc), the wording has been amended to align with the termsheet. The wording for the Investment Objectives the proposed alternative scenario has also been updated to include information on subordinated debt. A footnote has been added in paragraph 98 of the ProDoc to explain what other types of investments are eligible under this fund. There is also additional information on the financial instruments used by the fund.

The wording in this section has been updated to include a definition of the companies receiving Partnerbank financing (paragraph 103 of ProDoc/CER Section 1a. Part 2

Updated Project Description item c) the proposed alternative scenario section. Information on the number of ultimate beneficiaries (farmers) has also been included in this paragraph: Through the provision of these de-risking instruments, AGRI3 will support Partnerbanks to make loans to clients throughout agricultural value chains. These clients could include to primary producers, processors, traders, wholesalers, technology providers, input providers, corporates and local financial institutions. the ultimate beneficiaries, or target group, of all transactions of the Fund will be farmers. The farmers can be approached either directly, through input suppliers, cooperatives or through off-takers (direct and indirect). Farmers will include large, medium, small and smallholder farmers. By working with different actors in the value chain, the intention is to benefit a greater number of farmers. For example, traders often provide financing to farmers they purchase crops from, and increasingly traders require sustainably produced crops. Providing loans to traders to then lend to farmers, under the condition they implement certification standards, leads to impact at scale. This value chain approach is crucial to the overall goal of the AGRI3 Fund in transitioning to more sustainable practices and removing deforestation in agricultural value chains. Examples of the Fund working with different organizations across the agricultural value chain are included in the APPENDIX XVII: Examples of projects in the AGRI3 Fund pipeline. It is expected that the Fund will help benefit at least 300,000 farmers and farm workers.

4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat Comment at CEO Endorsement Request

At CER, the Fund seems to have very limited impact in the BD focal area. This section, should focus on the FA that the Fund truly is supporting -hence we recommend starting with CCM and LD and mention some minor contribution to BD. The BD indicators are 0 as mentioned above.(please also address in the section 6) 6) Global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF)

One question that remains not answered in the CER (although it was responded in the PIF review sheet: is how this project seeks to collaborate with FOLUR initiative. Please add to CER.

A second question that was indicated during PIF review is how to avoid double counting/double investment in GEF funded projects. We suggested having a specific point in the Investment Guidelines. If not, the GEF requires a specific agreement whereby the Fund Manager will ensure that the proceeds of the GEF financing will not go to previously funded projects.

July 2022

1- Please refer to the core indicator section.

2- The FOLUR child projects got addendum, therefore now there are 27 child projects. Please refer to updated PFD (<https://www.thegef.org/projects-operations/projects/10201>). The agency might want to review the overlapping countries CEO Endorsement to see the collaboration opportunity arise from FOLUR projects in target crops and landscapes (scaling up GEF's investment). As the FOLUR Global Program has been initiated, we expect the CER to mention whether there has been any discussion with the WB (Lead Agency) on potential knowledge and networking opportunities.

3- Ok

August 2022: Cleared

Agency Response

CI-GEF 08/12/2022:

1. Core indicator section cleared

2. AGR13 is focused on identifying pipeline and investments in MICs and LICs. Yet the fund operates through partnerbank and is not directly developing projects. The fund operates where it can identify viable investment partners and projects. However, the collaboration opportunities with entities such as FOLUR will be dictated by the funds ability to identify eligible investments.

Of the 27 countries, there are a number of potential overlaps. In geographies where AGR13 operates or plans to operate. Notably the fund currently operates in Brazil, and plans to scope opportunities in West and East Africa, Central America and South East Asia (incl. Indonesia and India).

The fund has had no discussions to date with the FOLUR lead agency. Post investment, In countries where the GEF-funded FOLUR program is active, synergies for knowledge exchange and networking will be explored, where viable.

A description of how AGR13 seeks to collaborate with the FOLUR initiative is included in Section 6. Institutional Arrangement and Coordination section of the CEO ER/portal (paragraph 216 of the ProDoc).

CI-GEF 04/04/2022: AGR13 is also well aligned with the GEF Biodiversity Focal Area and can make direct contributions towards GEF's Biodiversity Objective 1 to ?Mainstream biodiversity across sectors as well as landscapes and seascapes.?, and Biodiversity Objective 2 to ?Reduce direct drivers of biodiversity loss?. This is outlined in more detail in CER Section 1a. Part 2 Updated Project Description item d) Alignment with GEF Focal area strategies in the portal/CEO ER (paragraphs 212-214 of ProDoc)

A description of how AGRI3 seeks to collaborate with the FOLUR initiative is included in Section 6. Institutional Arrangement and Coordination section of the CEO ER/portal (paragraph 216 of the ProDoc).

As indicated in the investment guidelines section, CER Section 1a. Part 2 Updated Project Description item c) Alternative Scenario/paragraph 129 of the ProDoc, transaction Sourcing during the investment process AGRI3 will not invest in projects funded through other initiatives supported by GEF. AGRI3 will also, on a best-efforts basis, prohibit double-accounting of results realized by otherwise GEF-funded projects.?

5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat Comment at CEO Endorsement Request

yes. As per Question 2, the baselines need to be quantified in terms of GEBs and not only in financial terms.

July 2022

Refer to Question 2

Agency Response

CI-GEF 08/12/2022:

Baseline section updated.

CI-GEF 04/04/2022: As AGRI3 continues to originate transactions, and does not yet know the full composition of its pipeline or portfolio, it would be difficult and disingenuous to include a baseline that would feed into a GEB calculation. Therefore the baseline scenario is a largely qualitative analysis. In addition, we have indicated that the baseline is 0 for all Core Indicators ? in the absence of AGRI3 supported activities. Some more information on how the GEBs will be incorporated into the Fund?s investments is included in the APPENDIX XVIII: Maximizing Global Environmental Benefits (GEBs) through the Fund investments. Prior to the start of an investment in a transaction, AGRI3 will work with Partnerbanks and their clients to ensure that a baseline is set against AGRI3?s KPIs and the GEBs. This baseline may use existing or proxy data (e.g. national/subnational deforestation rates) and will be informed by the theory of change for the specific transaction (submitted during the investment review process).

6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

At CER, the Fund seems to have very limited impact in the BD focal area. This section, should focus on the FA that the Fund truly is supporting -hence we recommend starting with CCM and LD and mention some contribution to BD.

July 2022

Refer to Core Indicator section.

Agency Response

CI-GEF 08/12/2022:

Core indicators cleared

CI-GEF 04/04/2022:

AGRI3 is also well aligned with the GEF Biodiversity Focal Area and can make direct contributions towards GEF's Biodiversity Objective 1 to 'Mainstream biodiversity across sectors as well as landscapes and seascapes.', and Biodiversity Objective 2 to 'Reduce direct drivers of biodiversity loss?'. This is outlined in more detail in CER Section 1a. Part 2 Updated Project Description item d) Alignment with GEF Focal area strategies in the portal/CEO ER (paragraphs 209-211 of ProDoc)

7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat Comment at CEO Endorsement Request

1- The sustainability depends on the cost effectiveness of the fund: how administrative costs will be paid in the waterfall and the fund ability to raise more financing and repay its investors. This aspect is unclear.

2- Please explain how the 'open ended architecture' could have a role in the sustainability of the fund.

3- Cost effectiveness is explained in the CER taking as reference the potential US\$ 1 Bn to be achieved. However, admin costs and Fund financial viability would rather depend on the size of the fund. According to estimates, the size of the Fund is US\$ 150 M. Please explain cost-effectiveness in that context as provided in the termsheet: i.e. weight of Admin costs years 1-5 and after that date (when the fee is a % of AUM); how does this affect the available financing to be deployed for guaranteeing a portfolio?

July 2022

1, 3. This point is not addressed and the text still refers to US\$1B

2. Ok

Agency Response

CI-GEF 08/12/2022:

Cost effectiveness is about how well resources will be deployed to achieve the desired results for the same cost. We assume your comment then refers to how the fund will maintain financial sustainability to ensure ongoing delivery of the fund, considering the cost base and the income.

The fund maintains financial sustainability, by ensuring revenues cover cost, and above that ensure returns for investors. The fund (as with other guarantee facilities) does this by building a portfolio of guarantees, for which it receives ongoing and regular fees from those guarantees, which over time will cover the start up costs, ongoing operational costs and replenish. It also places cash on deposit as security for guarantees, as funds are not invested as in an equity or debt fund, so it is able to receive returns on its cash deposit as well. Initially, as in the waterfall, the funds costs are borne by the investors in order of seniority (i.e. firstly costs are allocated to the capital preservation tranche).

However, the fund projects it will build a portfolio of guarantees of approximately USD 300 mn. The USD 150 mn you refer to, is not investment cash, but cash used as collateral to support guarantee obligations of the fund. The fund is able to use that cash to support a guarantee capacity of USD 300 mn, assuming 50% leverage with the cash collateral. Effectively this means the fund can receive income on USD 300 mn of guarantees, rather than on the USD 150 mn of cash. Once a guarantee obligation ends, then the cash is released, allowing the fund to recycle cash for future guarantees ? if feasible.

The size of the management fees have been projected based on the anticipated scale up of the portfolio and in order to ensure longer term costs will be covered on an ongoing basis and ensure long term sustainability of the fund.

However, this requires pipeline to be built and the pipeline at a certain rate, with a certain credit risk, and have a certain return profile. This has been projected for the fund in its financial modelling and referred to elsewhere in the CER.

The cost base of the fund will also be adjusted in line with AUM after year 5 in order to ensure that the management costs are commensurate with the funds asset base.

We have added something to this effect in the CER/portal/ sustainability section.

CI-GEF 04/04/2022:

- ? The fund aims to raise approx. USD 150 mn in debt, equity and grants.
- ? The initial aim is that this is used as cash collateral to support guarantees
- ? This will be leveraged by a minimum of 2x to create a potential guarantee capacity (i.e. portfolio) of over USD 300mn
- ? Assuming guarantees cover an average of 30% of the loan value, then there is the potential to mobilise up to USD 1 bn in loans

The fund management fee is calculated as a proportion of the AUM. Within the waterfall, admin costs of the fund will be deducted before profits/losses are allocated. So indeed, this is a cost driver for the fund.

However, the ability of the fund to generate returns, and therefore to cover costs, incl. non-performance in the portfolio, will depend much more on the funds ability to be able to gain investment and leverage the investment to then grow its guarantee capacity, as well as the build up of the portfolio, and returns from the portfolio. More information on this can be found in APPENDIX XV: Key terms to investors and investees of the ProDoc.

A description of how the open architecture of the Fund could have a role in terms of sustainability has been included in CER Section 1a. Part 2 Updated Project Description item g) Innovativeness, sustainability and potential for scaling up/paragraph 191 of the ProDoc.

Project Map and Coordinates

Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat Comment at CEO Endorsement Request

? The selection of countries needs to be elaborated on (criteria?) and a balance created between the low hanging fruits and more difficult geographies (including the ones that are in need, e.g. LDCFs). Please confirm this is part of the Investment Criteria.

July 2022

OK. Cleared.

Agency Response

CI-GEF 04/05/2022: The geographic scope is outlined in Section 1.a C. the proposed alternative scenario (paragraphs 113-116 of ProDoc) as below.

The Fund has a global scope and ambition, but with a focus on middle income (MICs) and lower income countries (LICs) that are also eligible for GEF funding.

In line with the strategy to create impact efficiently, the Fund will initially focus on Latin America, Southeast Asia and Africa, with particular focus on Brazil, Indonesia and West Africa, as those are countries have a mature agricultural and forestry sector and are likely to yield the best impact returns on time and resources invested. Other jurisdictions ? particularly elsewhere in South-East Asia, sub-Saharan Africa and Latin America ? will also be targeted contingent on the availability of eligible transactions. Best efforts will be made to conduct transactions in LICs and LMICs within 2 years of the Fund?s inception.

While AGRI3 has a global scope, in effect it will focus on low- and middle income countries that contain considerable amounts of forest under threat with a preference for those countries that have made progress with regards to UNFCCC Redd+ mechanisms. A practical circumstance is also that AGRI3 will focus on those countries where partner banks will be disclosing client relationships that focus on forest conservation and implementation of sustainable agricultural practices. Initial focus will be on Brazil, Indonesia and India, while over time Investments will also be made in LDC (as defined by OECD) countries (as also conditioned by the Dutch Government investment). Eventually, we foresee a spread of investment over Latin America, Sub-Saharan Africa and South- and South-East Asia.

In order to maximize the chances of success in terms of environmental and social benefits, climate impacts, minimize risks and foster links with the Fund?s objectives,

there is a preference for countries and jurisdictions a preference for those where forests or other natural ecosystems are at risk of being converted to large-scale. The preference is to support transactions in locations where there is a high risk of deforestation or the transaction plays a part in landscape level initiatives, where there is potential for high impact. Transactions can be considered in other types of locations in eligible countries.

Transactions taking place within countries that are subject to financial or banking sanctions will not be eligible for investment.

Child Project

If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?

Secretariat Comment at CEO Endorsement Request

N/A.

Agency Response
Stakeholders

**Does the project include detailed report on stakeholders engaged during the design phase?
Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?**

Secretariat Comment at CEO Endorsement Request

The CER section is quite limited, but the annex in the ProDoc contains additional information that complements this section. Please add the Annex information in the CER for review.

July 2022

We can confirm a summary table was added but throughout the CER, if the text refers to Appendix in the Prodoc, please mention it is Appendix of the Prodoc as there are also Appendix to CER, which would confuse the readers.

Agency Response
CI-GEF 08/12/2022:

The SEP section of the portal along with attached annex follows what CI-GEF has done for other projects. the annex in the portal/CEO is the same as the SEP annex in the ProDoc.

CI-GEF 04/04/2022: The Stakeholder Engagement Plan is uploaded as a separate attachment following previous submissions. A summary of the SEP is provided in the portal.

Gender Equality and Women's Empowerment

Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat Comment at CEO Endorsement Request

Gender numbers have decreased. Please justify.

Also the gender Equality and Women's empowerment section in the CER lacks specific goals and targets to demonstrate commitment to this aspect. Specific goals and targets at fund level are required at this stage of approval.

Please add relevant information/conclusions on the CER from the very extensive work done under Appendix X. The CER is the document Council will review and we need all relevant information there.

July 2022

Confirm that Appendix X has been added to the CEO Endorsement.

We will need the project to submit a plan that targets higher numbers/goals in the gender dimension- more similar to what was approved in PIF by Council

Not cleared: PPO to review.

September 2022 - cleared.

Agency Response

CI-GEF 08/12/2022:

Appendix X GMP is an attachment in the portal.

Targets are realistic for the fund.

AGRI3 aims to train at least 300,000 (90,000 female and 210,000 male) farmers and farm workers in sustainable forest management and sustainable agricultural practices. At least 30% of the participants are to be female, where the context allows. This is a realistic target based on the female workforce participation from existing projects supported by AGRI3 and its forthcoming pipeline. This training is intended to help these workers to actively contribute to implement the agreed sustainable management practices.

CI-GEF 04/04/2022: Gender section revised including information from the GMP in Appendix X. Note that the gender target has been reduced to 30% to reflect the reality of the projects encountered in the pipeline to date

Private Sector Engagement

If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat Comment at CEO Endorsement Request

The CER section is quite limited, but the annex in the ProDoc contains additional information. Please add relevant information/conclusions on the CER from the very extensive work done in the appendix sections. The CER is the document Council will review and we need all relevant information there.

July 2022

The method of engagement for each private sector group can be added in CER too, or mention elaboration is provided in prodoc appendix V.

August 2022 - cleared.

Agency Response

CI-GEF 08/12/2022:

Reference to Appendix V is included in the portal.

CI-GEF 04/04/2022: CER Section 4. Private sector engagement has been updated.

Risks to Achieving Project Objectives

Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat Comment at CEO Endorsement Request

Please add mitigation actions to all risks identified (that are not classified as Low).

In Operational risk, please describe the risk of substitution of EA and how that would be mitigated.

The Market risks mention the possibility of forward purchases and hedging of ?open? sales positions. Please clarify if this pertains to cash management activities of the fund. Please comment on the types of instruments that the FM is allowed to make under that investment policy and if there are limits in terms risk (i.e. investment in liquid assets, minimum rating etc, and limit to invest in derivatives).

We did not understand how the cash collateral of the guarantees are to be held in USD (is this from the PartnerBanks or from the companies).

Please add the co-financing risk of not reaching the US\$ 150M and what that would mean for the overall size of the impact of the fund. We have seen in past experiences that when fees are significant, reaching size of the fund is important. Please assess that risk and its mitigants.

Please provide a mitigant for Project Risk and Credit Default Risk (both with Substantial categorization).

Please add categories of risks identified in the ESG screening (in appendixes)

On the Opportunities for COVID please feel free to add additional opportunities not identified in Opportunity Category. Why did you rank as medium the consumption and trade of wildlife? The project has very little BD goals. Please explain.

July 2022

1- Ok ? the table header text is now white, and not visible ? for both risks and covid-19 risks and opportunities.

2- Ok

3- Ok please revise typo in CER.

4- Ok. What will be the buffer amount? Is there a percentage of this buffer amount?

5-Ok

6-Ok

7-Ok

Ok

August 2022: Cleared

Agency Response

CI-GEF 08/12/2022:

1. changed in portal

3. Typo revised

4. This is not a buffer amount. Collateral is required to support the provision of guarantees. Guarantees are unfunded, so cash is held as collateral to support the liabilities of the fund, should there be a call on a guarantee and the fund is unable to pay. As set out in Under section c) The proposed alternative scenario, with a brief description of expected outcomes and components of the project (Subheading Funding Flows) (section 130 of the ProDoc) - The collateralization of these guarantees is 100% of guarantee exposure at the start of the fund expected to 50% average over the lifetime of the fund. As set out above, the ability to seek leverage will be dependent on investor and Partnerbank review of the fund and underlying portfolio and willingness to accept a lower form of security. This is already under review by the fund, with the aim to move to 50% leverage in the next year

As set out in section 130 of the ProDoc - The collateralization of these guarantees is 100% of guarantee exposure at the start of the fund expected to 50% average over the lifetime of the fund.1 As set out above, the ability to seek leverage will be dependent on investor and Partnerbank review of the fund and underlying portfolio and willingness to accept a lower form of security. This is already under review by the fund, with the aim to move to 50% leverage in the next year

CI-GEF 04/04/2022: All risks include mitigation actions.

Under Operational risk a description has been included regarding the risk of substitution of the EA and the mitigation approach.

The text for this risk has been updated. The fund initially will only be holding cash on deposit, with the relevant returns associated with term deposits. Other liquid assets will be considered by the fund at a later stage, when there is sufficient capital to do so. Any investment in liquid assets (such as bonds) will be with the aim of preserving capital and

liquidity for guarantees, rather than maximizing capital. It is expected that the fund will only invest in bonds which are highly rated. No policy has yet been defined for this but will be done when the fund is able to make investments into these types of assets.

Clarification added to Currency risks that the fund will post cash collateral from its funds as deposits, acting as security for the guarantees. This provides security for Partnerbanks receiving the guarantees, should there be payment required under the terms of the guarantees, that there are funds available to service the guarantee obligations.

We have added the Co-financing risk of not reaching \$150m along with mitigation measures.

Mitigants have already been identified for Project Risk and Credit Default Risk. The mitigants for Project Risk have been further elaborated in response to this comment.

The categories of the risks identified in the ESG screening have been added to the risks table. However there is a section in the portal called ESG screening (section 11 ESG risk), please refer to this section.

We were not able to identify significant further COVID opportunities beyond those already identified. We have changed the rating of consumption and trade of wildlife to L, though we do feel there is a significant link as explained in the table - transactions supported by the Fund can provide an alternative source of income and livelihood to the trade of wildlife/wild meat through increased employment and livelihood opportunities in sustainable agriculture for rural communities.

Coordination

Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat Comment at CEO Endorsement Request

The Coordination arrangements are explained in a section of the CER. Thank you. We are nevertheless missing how the Participants Meeting (and Body of Participants) is integrated in this structure (we can see Steering Committee and Investment Committee but not the Participants Meeting).

Are there any possibility that the Participants Meeting is dissolved by other Bodies of the Governance? CI legal DD results on roles and responsibilities are needed- as requested at the time of the PIF approval.

July 2022

Thank you, please revise figure numbers and table.

Why FOLUR program is outside of the table? Please revise the description as mentioned in previous comments (Part I, Question 4). Other Relevant Projects and Initiatives are quite vague ? please specify which initiatives that AGRI-3 will coordinate with (eg. GLF, UN Ecosystem Restoration etc.)

August 2022: Cleared

Agency Response

CI-GEF 08/12/2022:

Added additional reference to coordination with other initiatives in paragraph 215 of ProDoc/Coordination section of the CEO ER/portal, including global initiatives such as the GLF and UN Ecosystem Restoration. The following text has been added -

The fund always aims to coordinate with relevant funds and initiatives in countries and regions where there is overlap with the activities of the fund and the funds partners. AGRI3 does this to identify suitable projects , exchange knowledge, develop potential partnership opportunities and support national and regional capacity building. For example the fund is part of the UNEP and TNC lead Innovative Finance for the Amazon, Cerrado and Chaco (IFACC), which aims to support coordination of financing for sustainable agriculture and forest conservation in the region. The fund also regularly coordinates with other funds active in regions where it operates including the &green fund, Farm Fit and Landscape Resilience Fund.

In addition, the fund seeks to engage with broader global coordination and knowledge exchange platforms. The fund is part of the Tropical Forest Alliance (TFA), a WEF New Champion and also attends coordination events of the Global Landscape Forum (GLF) and engages with other initiatives such as UN Ecosystem Restoration through partners UNEP.

However, worth noting, GLF and UN ecosystem restoration are global coordination and knowledge exchange initiatives, which mostly host events and develop knowledge products. Engaging will support the funds networking and knowledge exchange, but does not support on the ground implementation.

In addition, it should be noted, although AGRI3 is able to invest globally in MICs and LICs, it should be clear that we are a small fund, with a focus on investment and limited team capacity to engage with all of the relevant initiatives in each of the countries we could potentially operate in. Whilst we endeavor to align and coordinate where relevant and feasible to support the objectives of the fund, doing so with all the potential initiatives would detract from the main focus of the fund ?

especially where initiatives are not relevant. Engagement for the sake of it is not an efficient use of resources or investors funds.

CI-GEF 04/04/2022: The diagram on Page 106 of ProDoc/ Proposed Alternative Scenario section of the CEO ER/Portal (diagram title: Overall AGRI3 structure) shows the Participants meeting in the diagram, with an arrow to the Stichting Board. Explanation on how the participants meeting is integrated in this structure is included in paragraphs 270-275 of proDoc.

Participants in the Fund are the equivalent of shareholders. As long as there are Participants, there will need to be a Participants' meeting. The Fund's Terms and Conditions of Management and Custody (TCMC) constitute a contractual arrangement between the Fund Manager, the Titleholder and each of the Participants separately. Participants may cast one (1) vote for each Participation held by the Participants at a Participants meeting. As per the Fund's TCMC, the Participants' meeting shall take its resolutions by the affirmative voting of Participants representing more than 50% in Participations. Any decision to materially amend the Terms and Conditions of the Fund needs approval by the Participants at the Participant's meeting and must meet the more than 50% threshold of participants. The Participants' Meeting have a vote in certain decisions, as set out in Annex 1 of the Terms and Conditions. The only way any participant ceases being a participant is if their interests are redeemed. No other body can amend the TCMC without approval at the Participants Meeting.

Consistency with National Priorities

Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat Comment at CEO Endorsement Request

Please mention countries? (since there are several identified countries where projects will be deployed) national priorities/plans/policies for prioritized countries even briefly for each category.

Cleared

Agency Response CI-GEF 04/04/2022: We have updated the National Priorities table and information to refer to the national priorities/plans/policies in the focus countries/regions in the table (relating to relevant conventions) and relating specific national policies. For other counties that AGRI3 might invest in, a similar approach will be undertaken to align with the relevant priorities/plans/policies.

Knowledge Management

Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Environmental and Social Safeguard (ESS)

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

Secretariat Comment at CEO Endorsement Request

Please explain why there is no Secondary screening performed during PPG phase. It is said in Annex V that the capacity of the EA (now changed to Cardano Development) will be assessed during PPG phase. There is no information on that. Please provide and update the assessment.

We need the Grievance mechanism in place before project CER. Please respond.

In the Safeguard Screening and Analysis Result please check the box in (i) the Res. Efficiency and Pollution plan and elaborate throughout screening summary; (ii) Labour and Management Procedures and (iii) Community Health and Safety Risk Plan (iv) Climate Risk and related Disaster Management . (you have included detailed assessment of all them in Appendix but you did not check the box)

The screening includes references to Rabobank Sustainability Framework -is that part of the Fund Documents governing ESG risks?

The responsible party for reviewing ESG and Monitoring and reporting is Cardano? In the appendixes, you make reference to E&S specialist withing Investment Advisors? Is that person different from EA?

July 2022

1- Ok

2- Ok

3- OK

4- Please confirm that CI has reviewed those standards and that they are aligned with the GEF policies. As IA, CI is responsible for ensuring the policies of the GEF are implemented at EA level.

5- Please include Fount in the relevant section of the CER. Just please confirm, that although Fount will perform the activities, the EA will be held responsible for the compliance with E&S impacts and management measures.

August 2022

Cleared

Agency Response

CI-GEF 08/12/2022:

4. CI confirms that we have reviewed all policies and confirm their alignment with CI/GEF policies and procedures.

5. The AGR13 fund manager is legally the responsible party. Cardano and Fount are Investment Advisers to the fund. Cardano has been nominated as the EA for the purpose of the GEF investment and will oversee the work of Fount and be responsible for their work to be carried out. Fount will carry out the E&S and impact assessment matters.

Paragraph 276

CI-GEF 04/04/2022: A secondary screening has been done and uploaded. Please refer to section 2 under safeguards section in the portal. The CI-GEF Agency has met the requirements for the grievance mechanism at CER. As per the GEF's updated policy on Environmental and Social Safeguards (ESS) paragraph 12, and Guidelines on GEF's Policy on ESS, page 7: "At CEO Endorsement/Approval, Agencies provide additional information regarding the relevant Environmental and Social Risks and Impacts associated with the proposed project, and associated measures to address such risks and impacts, including any environmental and social assessments carried out, and any Environmental and Social Management Plans or the equivalent". The policy does not require the measures or grievance mechanism to be in place at CER. Further under Annex 1.A paragraph 6(a) of the GEF's updated policy on ESS, the grievance mechanism is required to be in place to receive and address complaints related to the implementation of the project. The CI-GEF Agency in turn stipulates in its Screening Results requirements for projects that: "The mechanism must be in place at the start of project activities, and disclosed to all stakeholders in a language, manner and means that best suits the local context." The cost for implementing the mechanism is typically tied to the project implementation budget and not the PPG budget hence the mechanism is designed/planned for during the PPG and implemented at project startup. During the screening, resource efficiency and climate standards were triggered hence those check

boxes were ticked. The standards on labor and community health were not triggered hence they were not ticked in the check box. Nevertheless, the project prepared labor procedures and community health plan for AGR13 to identify and assess such risks when providing loans supported by AGR13 guarantees.

The fund relies on both its own E&S policies and those of the Partnerbanks to ensure E&S compliance, in line with the Funds policies. In the first instance, as the initial Partnerbank to the fund, the Rabobank Sustainability Framework has also been referenced in certain aspects of the E&S analysis as described in the Appendices.

As explained in paragraph 268 of ProDoc, Fount, as a lead investment advisor of the AGR13 Fund will be responsible for E&S assessment and monitoring. They have an E&S team who will carry out this work, who will also identify and bring on board additional local E&S consultants as required.

Monitoring and Evaluation

Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement Request

Please include M&E plan under this section as requested by the guidelines. You can use information provided in the Annexes. Please elaborate on how M&E in fund structures is part of the Fund Manager tasks (and in this case please specify who -CARDANO, etc?) would be in charge of this.

July 2022

Ok ? Appendix III in your answer means appendix from prodoc. Please mention in the CER that the M&E cost is already factored in AGR13 management fee, therefore GEF fund will not be utilized for M&E. Please reference in the CER appendix iii of the prodoc, so that reviewers can check.

Agency Response

CI-GEF 04/04/2022: the portal CER Section 9. Monitoring and Evaluation is different than Annex III project results monitoring plan. This M&E Section is consistent with CI-GEF submissions and the GEF M&E requirements.

Within Section 6 the role of Cardano Development is further specified. Section 6 of the CEO ER/portal includes Cardano as responsible of M&E in their EA role for this project.

The detailed M&E Plan is already included (Appendix III) which provides the relevant information requested.

Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

Since the recipients of the financing are companies throughout the value chain that may or may not be farmers, you need to explain how you reached the target number of 300k farmers and why the women proportion is 40%.

The description on how you reached 300k needs to be explained in the CER.

August 2022: Cleared

Agency Response

CI-GEF 08/12/2022:

This is included in the CEO ER/Portal. The target number of 300k farmers was reached by taking an average number of farmers engaged in six selected case studies and multiplying this average by AGRI3's targeted number of transactions. This explanation has been added to the CER in paragraph 28 of ProDoc when the outcome targets are first introduced in the main text. With more information available in Appendix XVIII.

The gender split is explained in paragraph 12 of the ProDoc ? ?This has been amended from 40% of the 300,000 farmers and farm workers trained, to 30%. This is based on updated information regarding female workforce participation with the existing projects supported by AGRI3 and its forthcoming pipeline.?

CI-GEF 04/04/2022: The target number of 300k farmers was reached by taking an average number of farmers engaged in six selected case studies and multiplying this average by AGRI3's targeted number of transactions. This explanation has been added to the CER in Section 0 Changes from the PIF.

The gender split is explained in CER Part 1 Changes from the PIF ? ?This has been amended from 40% of the 300,000 farmers and farm workers trained, to 30%. This is based on updated information regarding female workforce participation with the existing projects supported by AGRI3 and its forthcoming pipeline.?

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

No. Some are missing for a complete CER.

Cleared

Agency Response

Project Results Framework

Secretariat Comment at CEO Endorsement Request

- Project results framework and Table B refer to ?companies? receiving PartnerBanks financing. In some parts of the document, you include non-bank institutions. Please be consistent and address through the document: which types of institutions will be receiving de-risking from the Fund?

In some appendices you describe what you mean by companies: clients throughout the agricultural value chain such as primary producers, processors, wholesalers, technology providers, input providers, corporates and local FIs. This definition needs to be included clearly in the document. GEF would like to understand how the ultimate goals stated by the Fund can be reached by some of these actors.

Cleared

Agency Response

CI-GEF 04/04/2022: As above, a definition of Partnerbank clients or companies is provided in the ProDoc Glossary of Terms, as well as in CER Section 1a. Part 2 Updated Project Description item a)The global environmental and/or adaptation problems, root causes and barriers that need to be addressed/paragraph 25 of the

ProDoc. A definition has also been included in a footnote in Table B of the CEO ER and in the alternative scenario.

Through the provision of these de-risking instruments, AGRI3 will support Partnerbanks to make loans to clients throughout agricultural value chains. These clients could include to primary producers, processors, traders, wholesalers, technology providers, input providers, corporates and local financial institutions. the ultimate beneficiaries, or target group, of all transactions of the Fund will be farmers. The farmers can be approached either directly, through input suppliers, cooperatives or through off-takers (direct and indirect). Farmers will include large, medium, small and smallholder farmers. By working with different actors in the value chain, the intention is to benefit a greater number of farmers. For example, traders often provide financing to farmers they purchase crops from, and increasingly traders require sustainably produced crops. Providing loans to traders to then lend to farmers, under the condition they implement certification standards, leads to impact at scale. This value chain approach is crucial to the overall goal of the AGRI3 Fund in transitioning to more sustainable practices and removing deforestation in agricultural value chains.

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request yes.

Agency Response

Council comments

Secretariat Comment at CEO Endorsement Request

No. Please add.

July 2022

Cleared

Agency Response

STAP comments

Secretariat Comment at CEO Endorsement Request

No.

July 2022

Cleared

Agency Response
Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response
Other Agencies comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response
CSOs comments

Secretariat Comment at CEO Endorsement Request
Not sure if those have been documented so far.

July 2022

Cleared

Agency Response
Status of PPG utilization

Secretariat Comment at CEO Endorsement Request
Please see PPG comment.

July 2022

Not addressed

August 2022: Cleared

Additional comment

Please provide more details about expenditure categories of the PPG spending report -
As an example we are sharing the utilization of PPG table for another project.

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

*As of 6 May 2022

PPG Grant Approved at PIF: US\$ 182,650

<i>Project Preparation Activities Implemented</i>	<i>GETF/LDCF/SCCF Amount (\$)</i>			
	<i>Budgeted Amount</i>	<i>Amount Committed</i>	<i>Amount Spent To Date*</i>	<i>Amount Unspent/undisbursed</i>
Sub total Consulting services rendered: Technical expertise **	162,091	162,091	157,448	4,643
Project Manager	52,111	52,111	50,914	
Solid Waste Management Specialist (international and local)	49,928	49,928	46,608	
Gender Equality & Social Inclusion Specialist	31,952	31,952	31,826	
Finance & Strategy Development Specialist	28,100	28,100	28,100	
Sub Total Consulting services rendered: Stakeholder engagement ***	20,559	20,559	20,428	131
Solid Waste Management Specialist (local)	10,000	10,000	9,913	
Gender Equality & Social Inclusion Specialist	8,000	8,000	7,956	
Workshop/Meeting with local government	2,559	2,559	2,559	
Grand Total	182,650	182,650	177,876	4,774

As of May 6, 2022

September 2022 - Cleared.

Agency Response

09/06/2022

1. Duration updated in the portal
2. PPG utilization following example included in the portal. See table below:

<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF Amount (\$) 300,000</i>		
	<i>Budgeted/ Committed Amount</i>	<i>Amount Spent To date</i>	<i>Amount Unspent/ undisbursed to date</i>
Sub Total Consulting Services for Legal Review	72,660	26,787	45,873
Consulting Services for Legal Review	72,660	26,787	45,873
Sub Total Consulting Services for CEO Endorsement Package	227,340	204,340	23,000
Safeguards Advisor	12,000	12,000	0
ProDoc and Annexes Writers/Advisors	215,340	192,340	23,000
Total	300,000	231,127	68,873

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request Yes

Agency Response

Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

No. Many comments to address here.

Please update the Project Number section.

Please modify the Project financing based on the guidelines provided in the section Co-Financing of this review sheet.

Please include specific countries where you already know there will be investment.

Currency of the financing means the financing deployed by the Fund. As explained in the proposal this can include local currency. Please correct this section.

Co-financing ratio should be for the expected size of the Fund US\$ 151.5 M

Please change co-financing table with the comments explained in the co-financing section.

Financial instruments section refer to the products offered by the fund: are guarantees and also subordinated debt. Explain the terms and conditions that you expect to have.

The Financial model section is not aligned with the section in the CER that explains that in the early years, the Fund will require ?AGRI3 will start with providing guarantees which are 100% backed by deposits,? (liquidity risks section).

Please add a different section with Maturity of the GEF investment and explain there the additional 2 years for claw back.

On Terms and conditions of the financing we mean how the GEF will recover its investment. This is confusing throughout the document and needs to be very clear. Please see several comments below.

- Waterfall in the case of gain
- Waterfall in the case of Loss
- Waterfall in case of Dissolution (please explain what dissolution means according to the project documents)

It is confusing that in termsheet/reflow you use NAV but then we only find Net Profit in other explanations. Please explain clearly.

(i) *Allocation of (80% of) net profit to junior and senior participants and capital preservation accounts for governments. This net profit is allocated and added to the value of the participation. It is paid out at dissolution of the fund and captured in the value of the participation in case of sale of the participation from one investor to another.*

(ii) In reflow table we have -- final repayment amount is *subject to NAV at redemption date according to the Reflow table?*

Why is Net Income defined as Profit after Tax ? and after the payment of Interest of Debt Finance? as explained in the annex?

If the Debt Finance is not included in the Net Income but is first in order of repayment, please say so and amend annex.

Please disclose the items that that include this Net Income Figure; what other costs are included in this figure?

For the Profit sharing in case of Gain, please explain why profit sharing for FM is first than other equity investors.

On the allocation for the remaining Net Income toward Junior and Senior equity participants, please confirm that Senior Equity participants will rank higher in the waterfall than the Junior equity participants.

Please provide the maturity of the loans of Rabo to the Fund. Together with the maturity mentioned by the Ministry of the Netherlands for its reimbursable grant, how does this may affect the waterfall of payments and GEF ?s probability to get repaid? The GEF will like to understand the Fund?s Terms and Conditions impact on GEF reflow.

In the case of loss allocation: please also confirm that Senior participants will rank higher than Junior participations to absorb the loss.

What are the cases contemplated for Fund Dissolution as explained in page 243? What does ?including the retraction of the Subsidy? mean? In which scenarios that may happen?

July 2022

1. **Ok, please use the full project name for the project title - AGRI3 A Forest Conservation and Sustainable Agriculture Fund for Developing Countries**

2. No, please refer to co-financing comments
3. Try to include those countries directly which are mentioned in the CER (Indonesia, Cote d'Ivoire, Ghana, Senegal) in bracket under each region. Same might need to be applied to Prodoc.
4. Ok
5. No change from previous version. Please revise.
6. Ok
7. Ok, please upload the figure again, not readable. Also those in the waterfall section.
8. Ok
9. Ok
10. Ok
11. OK
12. OK
13. Ok
14. No answer provided
15. Ok
16. Ok, please correct co-financing letter to reflect this terms of Rabo's investment., so they are staying in the fund longer than the GEF, therefore would not affect the repayment?
17. No answer provided but was answered in previous question - #15
18. Ok

Agency Response

CI-GEF 08/12/2022:

1. full name included in title

2. Brazil added where there are current investments. We don't yet have identified pipeline in those other countries therefore we have added as examples in brackets.

3. Co-financing table in the Term Sheet is the same as the one in the portal.

4. Updated this to reflect the co-financing for the expected size ? now updated as follows:

Co-financing ratio has been estimated at 1:9 ? taking into account a GEF investment of USD 13.5 USD and a planned fund size of USD 151.5 M

14. In accounting terms, Net income is calculated as Income after factoring in all expenses, including debts. It is a standard way of calculating income. Any Debt finance obligations will be deducted first before calculating Net income. This has been included as part of the waterfall section.

Costs taken account of in the Net Income calculation will include the operating expenses (e.g. Fund Management fees) and and non-operating expenses of the fund (including debt repayments and taxes).

This has now also been added to the TS. 16. As above, we have added a note in the ProDoc to clarify this and also seeking updates to the co-financing letters. However, the letters will not be available for several weeks.

CI-GEF 04/04/2022:

Project number has been updated.

Project financing/co-financing has been updated to align with the updated table in the CER.

Updated to align with the CER, stating the fund has a Global scope with a focus on middle income (MICs) and lower income countries (LICs). Initially we expect to focus on Brazil (where we already have transactions), before expanding to other countries, including in South East Asia (Indonesia) and Africa.

Updated the currency section to clarify that we expect the majority of transactions to be carried out in USD, but may also offer local currency guarantees.

Co-financing table has been updated. Co-financing ratio is USD 151.5 M. Update in CER and TS has been done.

Updated to clarify that the fund instruments are guarantees and subordinated loans and added details of the initial terms of those financial instruments. Additional information on the Terms and Conditions can be found in the Investment policy section of the CER.

Updated to clarify that cash collateral is placed as deposits. However, this has not been aligned to the ?liquidity risk? section ? as this is not relevant to this point. This section is

explaining the funds leverage model. Increasing leverage is an important part of the financial model to grow the portfolio of the fund. The liquidity risk is how we manage individual transaction risks in the event of defaults.

On the clawback, we have included additional information on the clawback provision from the Funds Terms and Conditions.

Waterfall included in the Term sheet/

According to the funds Terms and Conditions, dissolution means that "no further business shall be conducted except for such action necessary for the liquidation of the affairs of the Fund in accordance with the applicable provisions of the law and these Terms and Conditions, including the sale or realisation otherwise of any remaining Fund Assets and payment of any remaining Fund Obligations and the distribution of any Fund Assets remaining after payment of the Fund Obligations to the Participants and the Fund Manager."

We have updated Net Profit to Net Income for consistency. To clarify, NAV and net profit are different concepts. NAV is the total value of the individual participations. Net income is the annual income received by the fund, minus the operating and non-operating costs including fund management costs. As indicated in the comment. Net profit is allocated and added to the value of the participation. It is paid out at dissolution of the fund and captured in the value of the participation in case of sale of the participation from one investor to another.

In accounting terms, Net income is calculated as Income after factoring in all expenses, including debts. It is a standard way of calculating income.

Any Debt finance obligations will be deducted first before calculating Net income. This has been included as part of the waterfall section.

Costs taken account of in the Net Income calculation will include the operating expenses (e.g. Fund Management fees) and non-operating expenses of the fund (including debt repayments and taxes).

Profit sharing for FMs is not "prior" to the Participants. As stated in the waterfall, after year 5, the FMs receive a portion (20%) of the Net income, with the remaining distributed to Participants. Further detail on this has been provided in the waterfall section of the term sheet.

Seniority is about the sequence of risk allocation, not about the sequence of gains. As in the waterfall policy, Net Income will be allocated towards the Junior and Senior Participations up to an amount equal to their respective target return rates. In the case of senior participations, they receive less (by %) as they take less risk in the structure and

therefore rank higher than the junior participators if any losses have to be absorbed. Also note that any distributions towards Junior and Senior Participations are not in cash, but through issuance of new participation (i.e. through reinvestment). In the case of loss allocation, the Senior participants will rank higher than junior participants, provided there are junior participants in the fund, with losses allocated to junior participants first and then senior. Further details can be found in appendix XV ? Terms and Conditions.

On the maturity:

? Rabobank have provided a USD 50 mn facility to the fund, which can be drawn down as required by the fund, to be used for placement as collateral for each guarantee. The facility is available for a total of 15 years, with a 5 year utilization period. Loans can be placed as collateral on term deposits for up to 10 years. The starting date of the facility was August 2021.

? The grant provided by the Netherlands has a 20 year maturity from January 2020.

On reflows, both have a longer maturity than the GEF funds. However as an evergreen fund, with a leveraged fund model, the reflows are affected by the availability of liquidity in the fund at the time of redemption. The conditions for redemptions have been provided in the funds Terms and Conditions.

With reference to the funds Terms and Conditions, - ?the Fund shall be dissolved upon the occurrence of any of the following events:

- ? the resignation of the Fund Manager, without a successor Fund Manager having been appointed in time in accordance with Clause 5.3.5;
- ? the withdrawal from the Fund of all Participants;
- ? Notice of the Fund Manager to the Participants that the Fund Manager has resolved to terminate and dissolve the Fund in accordance with Clause 2.2.2;?

The ?subsidy? refers to the Capital Preservation tranche ? this has been clarified in the term sheet.

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)

Secretariat Comment at CEO Endorsement Request

Please include project number.

Please include estimated agency board approval date.

Please make co-financing amount consistent with Table C.

Fill in frequency of reflow payment as bullet payment.

Please add Final reflow to be expected at maturity date.

Please provide bull case scenario with (IRR of 5%)/bear (0%) case scenario of the fund in 10 years in final repayment amount, and keep bear amount in total principal amount to be paid- & interest/earning to be paid to GEF TF.

Please fill-in all sections of the reflow table that are now N/A. For example if reflow is only expected at maturity date, then say so and provide that 1 payment date.

Nowhere in the document is the NAV calculation definition and how priority of payment will be at Maturity date. If other investors have shorter term maturities, please note so: there is a subordination happening *de facto*.

July 2022

Ok, but revise the table now in CER it has a vertical line penetrating the reflow table in the portal system.

2. Ok but revise the expected date for start of investment ? this should be the start date of the GEF investment, which we assume after the agency board approval.
 3. No answer provided ? but revise again aligned with the table C and term sheet.
 4. Ok
 5. Ok
 6. Ok
 7. No answer provided. Say bullet payment at the maturity for first repayment date and first repayment amount.
 8. Still NAV calculation definition is missing
- August 2022 Cleared**

Agency Response

CI-GEF 08/12/2022:

- 1. table updated to remove line**
- 2. updated**
- 3. Table in TS in the same as that in the CER**
- 7. Bullet payment at the maturity for first repayment date based on final repayment amount, as set out in the section on final repayment amounts.**
- 8. Net Asset Value (NAV) is a very standard accounting term used to indicate the value of a funds assets. It is expressed in the Fund Currency, and is defined as the value of a fund's assets minus the value of its liabilities. The calculation of funds asset and liabilities values takes account of the valuation of the funds guarantee**

and other investments, which are calculated in the line with the funds accounting policies.

CI-GEF 04/04/2022:

The estimated agency board approval has been updated

This has been updated to a 'Bullet payment?', however, in line with the Fund's Terms and Conditions, repayment is subject to liquidity and the Fund may put in place a redemption schedule at the time of redemption.

Subject to NAV at redemption date, as in the funds Terms and Conditions of the fund. However, we have provided details of the scenarios for reflow in the bull and bear case below.

Current forecasts for the GEF participation have been included in the term sheet. These cases have taken account of a variety of assumptions and drivers: ? Investment period

- ? Average transaction size
- ? Guarantee fees
- ? Amortization of underlying loans
- ? Income on deposits
- ? Expected credit loss including probability of default, across the portfolio
- ? Fund management costs
- ? Payouts within the portfolio
- ? Recovery rates on payouts
- ? Scale of investment

As per maturity section of TS, GEF lock in periods is 10 years.

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

We did not find this annex.

Cleared

Agency Response
CI-GEF 04/04/2022:

Annex provided.

GEFSEC DECISION

RECOMMENDATION

Is CEO endorsement recommended? (applies only to projects and child projects)

Secretariat Comment at CEO Endorsement Request

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	1/21/2022	
Additional Review (as necessary)	7/28/2022	
Additional Review (as necessary)	8/16/2022	
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations

This project seeks to create a de-risking fund that will incentivize commercial lenders in developing countries to provide agricultural loans that include investment in forest protection, reforestation and sustainable land use through climate smart agriculture.

These types of investments are usually perceived as highly risky by local lenders as borrowers require new technologies, longer maturities and additional technical capacity. To unlock financing at local level, AGRI-3 will provide guarantees and subordinated debt to local lenders and capacity building provided by the Dutch Government to support pre-investment and post-investment capacity development. The project is expected to generate multiple environmental benefits which include land degradation, biodiversity and climate change mitigation. In countries where the GEF Impact Program ?FOLUR? is active, synergies will be explored. At least 18.4 million tCO₂ will be avoided while at least 87,000 ha of degraded agricultural land will be restored, and 741,000 ha will result under improved management.