

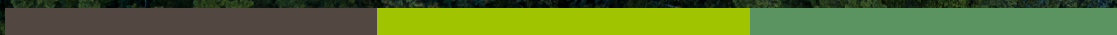


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# Technical Assistance

2022



# 01

## Introduction

IDH the Sustainable Trade Initiative, as manager of the AGR13 Technical Assistance Facility (TAF), can support companies and commercial financial institutions to develop high sustainability impact investment projects using technical assistance (TA) support (grants and advisory). The aim of this support is to meet investment requirements for commercial financing that can be supported by impact funds such as the AGR13 Fund, or to maximize the impact of projects already supported by AGR13 Fund.

The AGR13 Fund provides unfunded risk participations to commercial banks to catalyze private financial resources for high impact transactions that are perceived as too risky to finance by the private sector alone.

At an impact level, eligible projects for AGR13 improve rural livelihoods and,

- I. contribute to sustainable agricultural production and/or;
- II. support forest protection / restoration.

The AGR13 Fund currently works closely with Rabobank with five joint transactions closed to date.

For more information visit: <https://agri3.com/about>



# 02

## AGRI3 TA provided by IDH addresses four main functions

1

### Pre-investment

TA to support project investment readiness including:

- I. Enhancing operational and financial structures; and
- II. Project preparation and implementation support related to bankability, and social and environmental impact.



2

### Post-investment

Co-fund activities that enhance the impact of the investment, reduce risk, and support sustainable productivity, profitability and sustainability of operations.



3

### Learning and knowledge sharing

Seek to spread the lessons learned and knowledge gained on a sectoral, national and international basis, and among the wider business and investment community.



4

### Enhanced impact monitoring

Improve, or limit the burden of, reporting on clients, obtain scientifically defensible impact data that goes beyond normal reporting modalities.

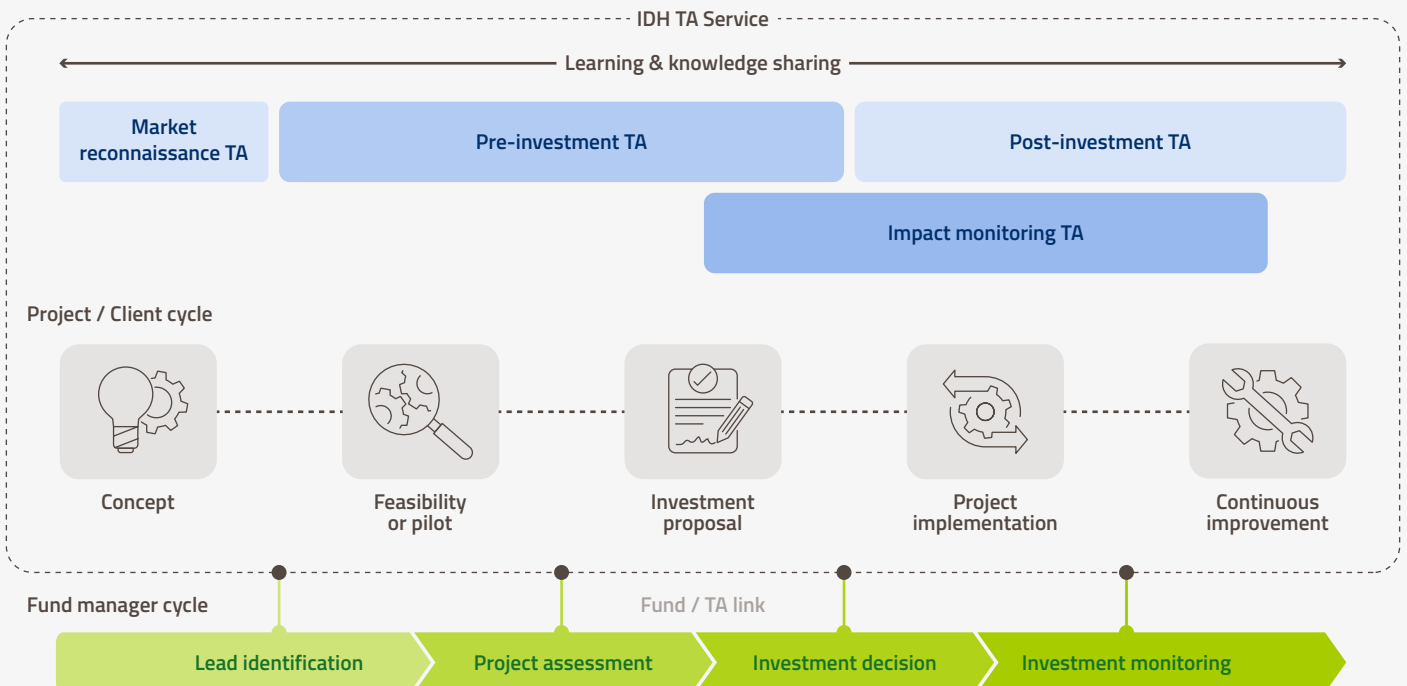


### Market reconnaissance

In addition, TA can also support market reconnaissance activities for selected value chains, themes and regions. For example, in 2021, AGRI3 TAF supported two sector studies on palm oil in Indonesia and cattle & soy in Brazil.



[Read study >](#)



## TA to identify and accelerate the development of investable opportunities and maximise their impacts

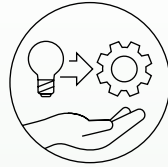


### Project preparation support

Supporting prospective clients for blended finance in meeting key ESG criteria and designing the investment project to maximize positive social and environmental impact.

#### *Example*

Support land tenure analysis, and conduct a gap analysis between a project's current (ESG) practices and international standards. Meeting these standards can become a requirement for a (blended) finance transaction.



### Project or product implementation support

Pilot interventions, or a financial product to be developed with AGRIB and a partnerbank, and build proof of concept.

#### *Example*

Co-financing an agroforestry and/or outgrower pilot, or designing and piloting a loan product for aggregated producers to transition to regenerative agriculture practices. The "proof of concept" developed from the pilot supports the business case for a (blended) finance transaction.

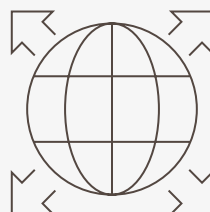


### Data, analytics and insights

Scoping prospective client projects and bankable interventions, and supporting clients in enhancing operational and financial structures using data-based approaches.

#### *Example*

Market reconnaissance and portfolio scoping with partnerbank. Support measurement and analysis of data on yields, inputs and impact KPIs (such as carbon), and assess the overall business case, E&S impact and bankability of a project.





## TA Example 01

### Rabobank Shanghai TCF client

In 2020, Rabobank Shanghai provided a 3 year, USD 10mln term loan to its client CACC. By providing access to financing, training and high-quality inputs and by selling at a guaranteed price, the loan helps to enable farmers in CACC's value chain to switch from poor yielding crops to more lucrative and sustainable pepper cultivation.

Both in the structuring of the transaction and during its roll-out, CACC has benefited from TA provided by and arranged for through the AGR13 TAF managed by IDH. TA supported as follows:

- Conducting an ESG gap analysis: identify where improvements in E&S would bring the project into line with international standards (IFC Performance Standards, certification schemes).
- Ensure linkage with commercial lender, Rabobank as commercial financier involved to assess the potential for commercial finance and provide such finance when the case was investment ready.
- Continued support post-investment, linked to AGR13 requirements: TA supporting CACC to implement the Environmental and Social Action Plan (ESAP) that forms part of the AGR13 impact KPIs.



Additional examples of TA can be found as an [Annex](#) to this information brief.



## Pre-investment TA is aimed at projects and products that have...

- I. the potential and aspiration to (enable a) transition to more sustainable agriculture or forestry, creating positive impact on rural livelihoods and sustainable land use;
- II. where AGR13 Fund could eventually play a role in scaling the proposed interventions by de-risking the financing proposition to lenders, and;
- III. which could eventually be financed through current or future AGR13 partner banks.

## Potential topics for project and product interventions include...

- Smallholder inclusion into the value chain
- Restoring degraded soils for carbon storage, and higher crop yields
- Drip irrigation and reduced water use
- Agroforestry, intercropping, and regenerative agriculture
- Reducing and substituting agrochemical application (pesticides and fertilizers)
- Forest restoration and protection, on-farm/concession
- Sustainable plantation management (e.g. tea, coffee, timber)

## Possible outcomes of pre-investment TA



### Transition to stronger business models

Support impactful projects or products for a viable business case and building proof of concept for finance.



### Eligible for blended finance solutions

Meet criteria for blended finance supported by impact funds such as AGR13.



### Maximise E&S impact

Enhance the positive environmental & social impact of interventions and financial products in line with, and exceeding international standards.



### Reduce project risks and create partnerships

Reduce key project risks, such as those considered by investors, and build sustainable relationships with key players in the value chain.

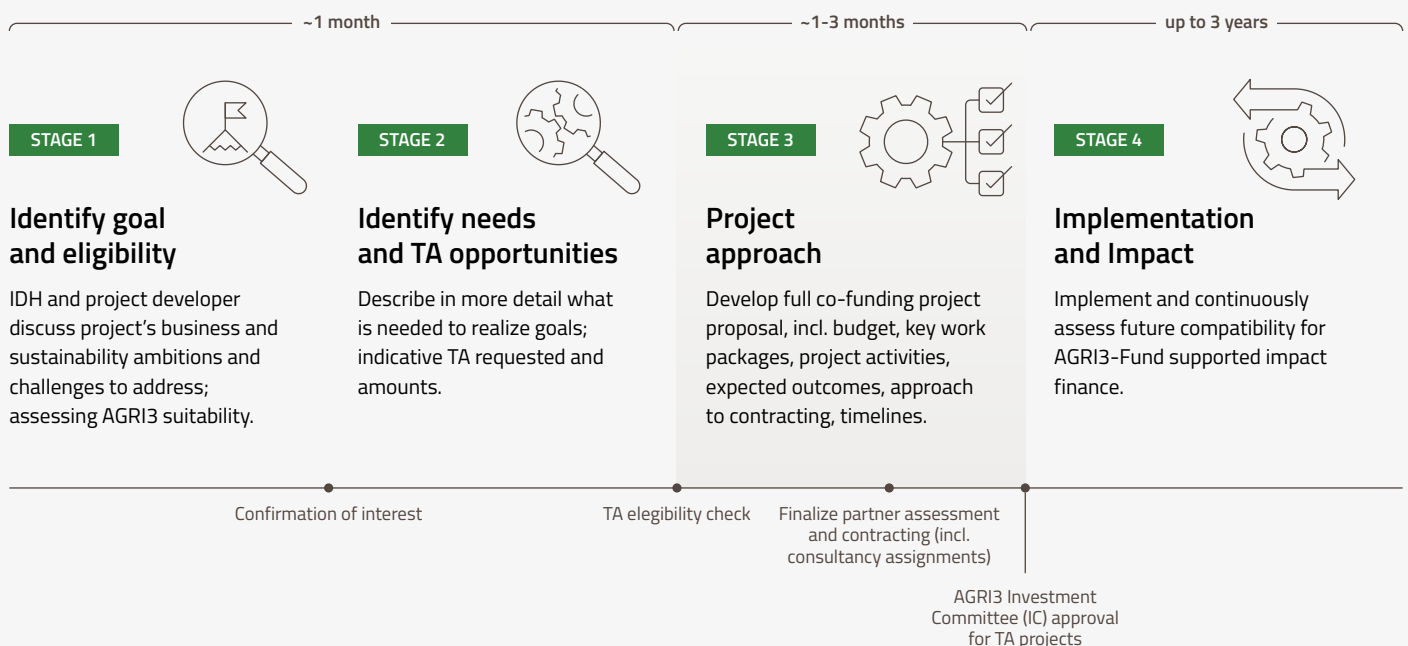
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## How to access pre-investment TA support from AGR13 TAF

Contact the AGR13 TAF team at IDH to get early stage feedback and support.

- The AGR13 TAF co-funding available will initially range between USD 50,000 and USD 200,000. This needs to be met with co-funding from a private sector project partner with a minimum 1:1 ratio. The match funding can be cash or in-kind.
- The maximum length of TA support is initially 3 years.
- More TA funding may be available if and when the project progresses (e.g. to the AGR13 Fund investment pipeline or into an AGR13 Fund post-investment phase).
- TA eligibility will be determined by IDH as manager of AGR13 TAF, who may seek inputs from AGR13 Fund in this process. The final decision for TA project implementation will be made by the AGR13 Fund Investment Committee (IC), who can approve, conditionally approve, or reject proposed TA projects.

### Estimated timeline



## Contact us

AGR13 FUND MANAGEMENT

**Nick Moss**

[nick.moss@cardanodevelopment.com](mailto:nick.moss@cardanodevelopment.com)

AGR13 TECHNICAL ASSISTANCE FACILITY

**Thomas Duurland**

[duurland@idhtrade.org](mailto:duurland@idhtrade.org)

## TA Example 02

A company looking to implement agroforestry systems among smallholder farmers as its suppliers



### TA can support with:

- Support to develop, commercialise and professionalise business operations of farmers in the value chain (SMEs, smallholders etc.).
- Identify current agricultural practices (of farmers) compared to international standards (or “beyond business as usual”), feasibility of implementing improved practices, and translating these to impact KPIs. The latter would support a potential blended finance transaction and be included in the Environmental & Social Action Plan (ESAP).
- Market assessment and value chain business plan for farmers (in case of planting with timber tree species) on the agroforestry component especially considering ecological conditions of the region, local market, variety/ species selection.
- Farmer baseline mapping, collect data on already engaged farmers to assess scope of expansion and growing area.
- Assess carbon credit opportunity, incl. technical analysis and field verification and participatory project design with stakeholders.
- Co-financing pilot, support land preparation, maintenance plan, and capacity building/training, and collect data to show impact.

## TA Example 03

A tea company that owns plantations increasing its sustainability ambitions beyond business-as-usual for the sector for which it needs to unlock new sources of (long-term) finance



### TA can support with:

- Analyze business and impact case together: collecting data on yield enhancements, cost reduction and impact maximization as a result of improving plantation sustainability practices with a strong business case (such as reducing agrochemical use, water use, and soil quality enhancement).
- Supporting context specific impact analysis to identify ways to meet ESG criteria of impact funds.
- Support implementation plan of specific sustainability themes, such as:
  - Impact and feasibility assessment of alternative agrochemical uses
  - Regenerative agriculture
  - Identifying living wage benchmark and current gap, establish steps to close living wage gap
- Disseminate project learning to promote similar business practice changes in tea sector (and associated financial need/gap).



# Early-stage project information requirements

To assess a fit between AGR13 TAF and the proposed project or financial product, the below information will typically be considered:

1

## What is the project or financial product idea about?

- What is current status of the project or product idea for which impact finance support would be sought?
- What are the unique and/or innovative elements of the proposed changes and improvements in the project or product?

2

## What environmental and social challenges would it help solve?

- What is the (expected) social and environmental impact in relation to the AGR13 impact objectives?
- Can the expected/targeted impact already be quantified? In terms of KPIs such as # of ha and # of beneficiaries?

3

## What is the business/financial model and sector?

- How would the proposed idea work in practice?
- What does the current sector look like and how would the proposed project or product go beyond business-as-usual?

4

## Private financing/investment needs

- The aim of pre-investment support from the AGR13 TAF is to help impactful projects or products to meet criteria for support from (impact) investors such as the AGR13 Fund. What financing or de-risking support would the project or product aim to secure following provision of TA to further scale For example: indicative amount, type of financing and purpose.
- Is there already existing secured (private) investment and/or de-risking support for the project or product?

5

## Technical assistance needs

- What are the key challenges and barriers the project or product development encounters on the path to secure financing for its sustainability-oriented interventions, and how can TA help to overcome these?



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**AGRI3 Fund**  
Mauritskade 63  
1092 AD Amsterdam  
the Netherlands

[info@agri3.com](mailto:info@agri3.com)  
[www.agri3.com](http://www.agri3.com)