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Rabobank closes transactions with de-risking by AGRI3 Fund

Rabobank, the bank specialized in financial solutions for agribusiness, in partnership with the AGRI3 Fund has just closed two transactions with de-risking by the Fund. The AGRI3 Fund, initiated by UN Environment Programme (UNEP) and Rabobank, facilitates collaboration between public and private parties and aims to unlock USD 1 billion in capital to speed up investment in farms that pursue more sustainable practices, including forest protection and improving rural livelihoods.

Helping accelerate the transition to sustainable agriculture follows Rabobank in its mission of Growing a Better World Together. In Brazil two pilots were released earlier this year, to develop the financial structure other clients could replicate for their sustainable initiatives.

“We are happy to announce now the closing of transactions with two of our clients,” says Hans Loth, Rabobank’s Global Head UNEP Partnership. “We want to help food producers worldwide make necessary improvements in sustainability. It is intended that these investments will serve as proof of concept to the wider community of banks, other financial institutions and value chain partners. Together with our partners at the AGRI3 Fund, we aim to expand the adoption of sustainable practices across agricultural and financial value chains.”

Brazil (USD 5 mln, 10 years)

Forest protection and renovation of degraded pastureland in Mato Grosso

By linking financing for pastureland renovation with forest protection, Rabobank and AGRI3 will make it possible for Grupo Carvalho Dias in Brazil to grow more sustainably. A new transaction provides financing for forest replanting, forest protection (2581 ha) and renovation of degraded pastureland (1200 ha) in line with recognized E&S guidelines, which will enable cattle growth without clearing new land. The goal is to increase profitability while accelerating compliance with Brazil’s strict Forest Code legislation. This innovative structure – which includes de-risking over a longer repayment period – offers a replicable model for financing next-level sustainable investments in non-cash-generating activities, like forest protection.

Grupo Carvalho Dias sees the partnership as an opportunity for the sustainable development of its production in the long term. “We are committed to protect our forests as well as sustainably recover our pasturelands but we realized that we had a capital gap. We have found in Agri3 the possibility to fill that gap and Rabobank was essential to conclude this transaction. From the beginning, the entire team went to great lengths to carry out this deal and we are very happy to be part of this exclusive and unique transaction in Brazil”, says Wesley Maio Ramos and Edson da Silva, Managers of the Grupo Carvalho Dias.

China (USD 10 mln, 3 years)

Sustainable pepper farming in the larger Chongqing region

In Chongqing municipality, many rural smallholder farmers live in poverty, growing low-yield crops without much economic return. De-risking from the AGR13 Fund will enable Rabobank to provide a loan to Chongqing Agricultural Chain Corporation Ltd., a large farm inputs company.

By providing access to financing, training and high-quality inputs and by selling at a guaranteed price, this loan helps to reach the project’s ambition to enable farmers to switch from poor yielding crops to more lucrative and sustainable pepper cultivation. This can increase the income of up to 80,000 farmers.

The project also will work with CACC and partners to create a training programme to encourage more sustainable practices amongst smallholders. In this transaction, Rabobank, AGR13 and Chongqing Agricultural Chain Corporation Ltd. are teaming up to increase the company’s environmental and social standards, with an eye on developing a new quality standard for pepper growing in China.

“We want to thank Rabobank and Agri3 for supporting the ‘Poverty Alleviation’ program in Western China with this transaction”, says Tao Fugang, General Manager of Chongqing Agricultural Chain Corporation Ltd. “With joint support from Rabobank, local government and our company, farmers living in the vast mountainous areas of Southwestern China, who lack resources, advanced planting information and technology, are able to get access to modern planting technologies and concepts, change their planting habits and crops, and apply high-efficiency-low-residue agricultural inputs to achieve higher production and profit, and at the same time ensure the safety of themselves and the environment. This transaction is of great significance to us.”

The Technical Assistance Facility of Agri3Fund supported in making this deal ‘investment-ready’ and is currently engaging with the client to offer support needed to fulfil the conditions of the deal and to maximise impact.

About AGR13 Fund

The AGR13 Fund is a partnership by Rabobank, UNEP, IDH, The Sustainable Trade Initiative and FMO. Investment Advisors are Mirova Althelia, FOUNT and Cardano Development. The Ministry of Foreign Affairs of the Netherlands is a donor of the AGR13 Fund.

Please find more information on agri3.com.

Note for the press, not to be published:

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