

AGRI3 Fund and Rabobank launch new initiative “Renova Pasto” in Brazil to support the renovation of degraded pasturelands and accelerate forest conservation

January 9, 2023, AMSTERDAM – AGR13 Fund and Rabobank have concluded the first pilot transaction under the Renova Pasto initiative. The Renova Pasto initiative, delivered through a partnership between AGR13, Rabobank and IDH aims to scale up financing for the restoration of degraded pasturelands and to accelerate the protection and restoration of critical forest ecosystems. Renova Pasto is a unique initiative offering a standardised package of long-term loans and Technical Assistance to cattle producers in the Cerrado and Amazon regions. This combines the partners’ capacities in the provision of rural credit, long term credit guarantees and technical advisory in agricultural production.

“Scaling up access to finance for farmers to support a transition to more sustainable and higher yielding production is critical to achieve the broader conservation targets. While there are some public financial resources available, more private sector finance is urgently required. The commercial finance that is currently available is often short-term and not targeted at supporting the key sustainability interventions in the sector” shared Casper Havinga, Investment Director of the AGR13 Fund.

Renova Pasto will provide long term financing of up to 10 years to cattle farmers for activities which sustainably renovate degraded pastureland and accelerate compliance with the forest code, improving conservation and restoration of forest areas on cattle farms. These loans are supported by partial guarantees from AGR13, which enables the bank to extend financing for up to 10 years and support non-cash generating activities, such as forest conservation.

Farmers are also given an Environmental and Social Action Plan and are required to comply with a number of conditions, including a zero deforestation commitment across all their farms, beyond just those supported directly by the financing. Within the Renova Pasto program all of these AGR13 requirements have been pre-agreed with Rabobank and are fully integrated within Rabobank’s regular credit approval process, thereby allowing for an efficient process. The loans are also supported by a standard package of Technical Assistance from the AGR13 TA Facility. The latter is managed by IDH and includes the provision of local advisory services for implementing good agricultural practices and monitoring of impacts.

“A combination of the right financing and technical assistance makes this initiative very attractive for our customers”, explains Thiago Guedes, Sustainability Manager at Rabobank Brazil.

The first pilot deal concluded on 3 January 2023 with Juliana Glauca Xavier, a well-established client from Rabobank’s rural banking network in Brazil, demonstrates that there is demand in the market for such a product. Going forward, the Renova Pasto initiative aims to expand the options for rural credit available to Brazilian farmers and demonstrate the feasibility of sustainable production models on previously less productive areas, thereby

reducing the broader pressure to open up new forest areas. In addition to the support for acceleration of forest code compliance and the zero deforestation conditions, this will support the sectors' broader trend of improving farm practices, and cutting out supply chain deforestation risks. The partners also plan to extend the approach to other commodities and market segments over the coming year.

About AGR13 Fund

The AGR13 Fund was created by the United Nations Environment Programme (UNEP) and Rabobank, together with partners IDH and FMO, the Dutch Entrepreneurial Development Bank, to support the transition to sustainable agriculture. The Ministry of Foreign Affairs of the Netherlands is a donor to AGR13 Fund. FOUNT and Cardano Development are the Investment Advisors for the Fund. AGR13 Fund aims to mobilise additional public and private capital globally and at scale. The Fund works with commercial banks, development finance institutions (DFIs), impact investors and institutional investors and provides credit enhancement tools and technical assistance to projects which actively prevent deforestation, stimulate reforestation, contribute to efficient sustainable agricultural production and value chains and reduce carbon emissions and improve rural livelihoods.

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