

## **AGRI3 Fund and Rabobank close USD 20 mln deal in Brazil to promote regenerative practices and support a transition to sustainable agriculture**

**October 31, 2022, AMSTERDAM - The [AGRI3 Fund](#), created to mobilize finance to support the transition to sustainable agriculture and promote forest conservation, has de-risked a 10-year loan from Rabobank which will finance a range of sustainability investments, implemented by grain and cotton producer Grupo Locks.**

Locks established itself as a grain and cotton producer 15 years ago in Mato Grosso, Brazil. In the last 10 years, it has more than tripled its land coverage, growing soy, corn, cotton, sorghum and other grains. However, agriculture on such a scale can be detrimental to the long-term soil health and significant investment is needed to protect and regenerate the land. Locks has been piloting a number of technologies and techniques for a number of years, with the aim to lower chemical inputs and improve the quality of the land in the long term. However, development of these circular practices at scale requires investments in land, infrastructure, machinery and technology.

Financing from [Rabobank Brazil](#), supported by AGRI3's guarantee, will be channelled towards a range of investments, facilitating the company's transition to a more regenerative agriculture model. Investments include upscaling the utilisation of cotton by-products for animal feed, the recycling of animal manure into fertilizer, the intelligent application of herbicides and the deployment of solar panels for on-site energy consumption. Overall, this is expected to significantly reduce agro-chemical application, reduce water and energy usage, and improve soil health, at the same time as maintaining and even increasing yields on the farm. The company is also expected to share lessons learnt with other parties through field days and promotional materials.

Of the USD 20 mln facility provided by Rabobank, AGRI3 supported the transaction with a USD 8 mln (unfunded) risk participation, whereby AGRI3 will guarantee 100% of the last 3 years of the loan. AGRI3's involvement was essential to provide the required tenor of the loan, which is beyond the risk appetite of the bank, and to allow time for the initiative to be a success. In addition, AGRI3 worked with its technical assistance facility managed by IDH, who engaged technical advisers from reNature to develop an action plan and set of KPIs to ensure the company implements the changes and these can be monitored.

*"Overall, the entire proposition supports the transition to sustainable agriculture at scale by simultaneously expanding proven techniques that the company is familiar with, whilst also exploring new and innovative practices. Although there are other companies experimenting with these techniques, they are not yet applied on the large scale needed to produce significant impact." **Joost Zuidberg, AGRI3 Fund Manager Board Member***

*"Enabling the transition of the company's business to regenerative agriculture is not just a victory for Rabobank, AGRI3 or even just Grupo Locks, transactions such as this benefit the entire agricultural sector, which is driving a sustainable future, that is already increasingly present thanks to initiatives like this." **André Arca, MAC Relationship Manager***

AGRI3 sees high demonstration value in this deal and will support Locks to disseminate its' learnings widely, to mobilise increased appetite for similar practices, with the aim to crowd in more commercial banks to finance these types of investments, encouraging farms to engage and support the creation of a more sustainable farming system in Brazil.

**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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