

IFACC

*Innovative Finance for the
Amazon, Cerrado and Chaco*



IFACC 2023 MARKET REPORT

MARCH 2024



FOREWORD

“Agricultural transformation is only possible by giving long-term ‘livelihood security’ to farmers and on the other hand tackle deforestation and the climate crisis. This requires a united front of financial support and collective engagement. By fostering collaboration, we can catalyze positive change, ensure food security, and build resilient economies based on nature-positive business models”.

IVO MULDER, HEAD OF THE CLIMATE FINANCE UNIT AT UNITED NATIONS ENVIRONMENT PROGRAMME

“Private investments are pivotal in steering the just transition of the agricultural sector. With the rising global demand for food, it’s crucial to prioritize funding innovations for productive models that curb biodiversity loss and protect critical natural habitats while increasing production. This proactive approach not only safeguards the environment but also aligns with the growing market demand for sustainable agricultural products.”

DANIELLE CARREIRA, HEAD OF FINANCE SECTOR ENGAGEMENT AT THE TROPICAL FOREST ALLIANCE

“Like renewable energy decades ago, scaling investment in the agriculture transition will require an injection of catalytic support from value chain companies, DFIs, and governments. \$2 billion in flexible catalytic capital by 2030 would go a long way to driving the needed transition in the Amazon, Cerrado, and Chaco.”

GREG FISHBEIN, AGRICULTURE FINANCE DIRECTOR AT THE NATURE CONSERVANCY

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INTRODUCTION

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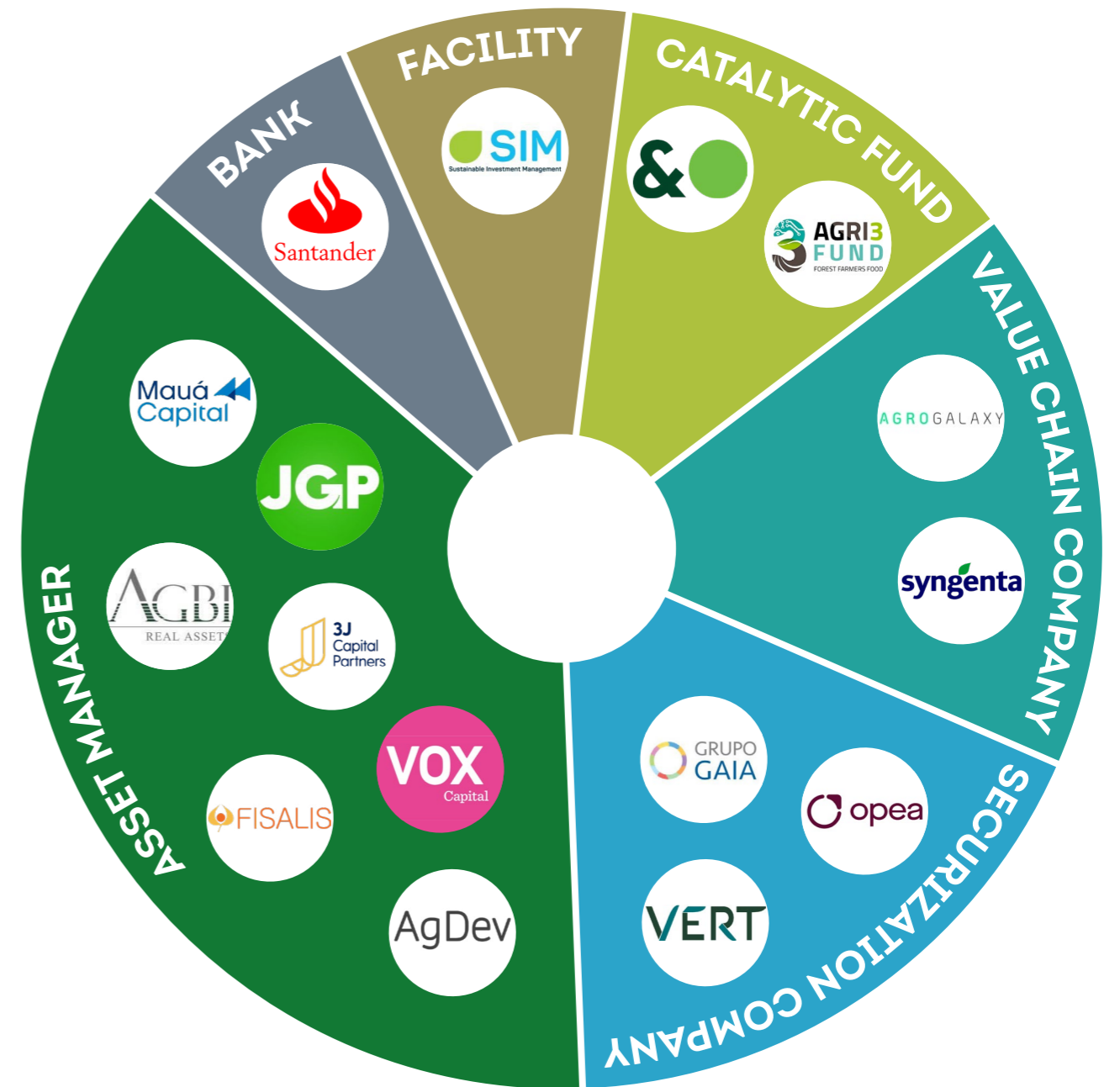
In our second edition of the IFACC annual Market Report, we highlight the IFACC-aligned products that have been brought to market in 2023, including product partners, impact goals, structures, disbursement amounts, and opportunities to scale these disbursements. **New in 2023 we note the expansion of IFACC's scope to include agroforestry and non-timber forest products, and we present our first series of impact results from IFACC-aligned products.** The report seeks to raise awareness of market progress and innovations and to help inform our many partners who are working to create and expand similar mechanisms in 2024 and the years to come.

IFACC was launched in 2021 with the collective goal of reaching USD 1 billion in disbursements for the agricultural transition in the Amazon, Cerrado, and Chaco biomes by the end of 2025.



IFACC is working to support companies, banks, and investors to accelerate lending and investment in models that can grow the production of beef, soy, and other commodities without further deforestation and conversion of natural vegetation. IFACC provides support on environmental and social impact management, connections to catalytic capital providers and other business partners, access to the best intelligence on product structures and approaches, and advice on leveraging Deforestation and Conversion Free (DCF) financial products to achieve net zero targets.

Infographic 1: List of all IFACC signatories separated according to their institution type,



IFACC now has 16 signatories who have collectively committed US\$ 4,6 billion for deforestation and conversion-free (DCF) soy, cattle, agroforestry, and non-timber forest products in South America.



2023 AT A GLANCE

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2023 represented a significant milestone as IFACC expanded its scope beyond soy and cattle to include agroforestry systems and non-timber forest products, part of the so-called “bioeconomy.” This addition recognizes the key role that these production systems play in providing farmers with complementary livelihood opportunities that grow and protect natural vegetation. IFACC’s technical guidelines and reports have been updated to reflect this change.¹

In 2023, the 16 IFACC signatories came to market with three new products and expanded three existing products that were launched in 2021 and 2022, for a total of eleven products in the market and \$240 million disbursed to farmers and other recipients since the launch of the initiative in 2021.

The eleven IFACC-aligned products have distinct characteristics, reflecting the variety of signatory organizations and the diversity of agriculture financing needs. In terms of geographic coverage, six of these products are focused on the Cerrado biome, four on the Amazon and one covers both

biomes. None of the products launched to date targets the Chaco biome in Argentina and Paraguay. This is a result of the more gradual evolution of sustainable finance markets in these countries, a process influenced by a range of macroeconomic and political challenges. IFACC is actively engaged in initiatives designed to navigate and address these complexities, contributing to the broader effort to foster sustainable financial ecosystems.

In terms of product types, five offer long-term loans to producers for a variety of sustainable practices including expansion of soy and agriculture over degraded pastureland, agricultural yield improvements, intensification of cattle ranching, and forest restoration. Three products offered loans to foster agroforestry systems and the production of NTFPs related to the bioeconomy sector in the Amazon. Another instrument offers low-cost, annual crop finance to farmers who agree to protect their forest cover beyond the legal requirements. There was also a corporate loan to a leading ethanol producer to support DCF’s sourcing of corn. Another innovative product channels

carbon payment to farmers who protect forests in the Amazon. Five instruments raised financing using a securitized agricultural receivables (“CRA” - Certificado de Recebíveis do Agronegócio) structure following the local capital markets regulation. CRAs are becoming the most common structure for financing farmers using private funding in Brazil.

All the products offered greater financial incentives than is generally available in the market, such as longer tenors, grace periods, or lower interest rates, to incentivize agricultural transitions and bioeconomy models – thereby recognizing the additional time and/or costs that farmers face by moving towards sustainable production models. Three products were based on guarantee structures that were offered together with commercial loans, allowing longer than usual tenors for projects

that require longer payback. Five of the disbursed products were denominated in Reais, five were in dollars, while one has not yet been disbursed.

While \$240 million of disbursements is only a fraction of the finance opportunity to expand sustainable production of cattle, soy, agroforestry, and NTFP models in the region, the progress in 2023 represents the continued expansion of the market that is encouraging for future growth. In order, however, to meet the 2025 target of USD 1 billion, significant growth will be needed for the years 2024 and 2025. Several of the launched products are in their initial phase, generating track-record to scale up to 2025. We have also observed important challenges faced by our signatories, which are discussed in the “Mobilizing finance at scale” section of this report.

Infographic 2 – Graphic details: breakdown of the 11 products distributed by type of instruments.

IFACC 2022 AND 2023 PRODUCTS DISTRIBUTED BY INSTRUMENTS AND CHARACTERISTICS

#	Product Name Partners	2022 Disbursements in dollars*	2023 Disbursements in dollars*	Cumulative Disbursements under IFACC						Type of product
					DCF Cattle	DCF Soy	Bioeconomy	Amazon	Cerrado**	
1	Reverte Syngenta, Itaú, TNC	19,4	97,5	116,9	✓	✓			✓	Farm Loan Products
2	Responsible Commodities Facility SIM, OPEA/Planeta, Agri3, Rabobank and Santander	11	36,2	47,2		✓			✓	Capital Markets Offerings
3	&Green & FS - Corn Ethanol loan	30	-	30		✓			✓	Corporate Debt Instruments
4	Locks Group Sustainable Agriculture Lending Agri3, Rabobank, Grupo Locks, IDH and ReNature	20	-	20	✓	✓		✓	✓	Corporate Debt Instruments
5	Agri3 Restoration of degraded pastureland loan Agri3, Producer not disclosed	13	-	13		✓			✓	Farm Loan Products
6	Renova Pasto Agri3, Rabobank and IDH	-	3,9	3,9	✓			✓	✓	Farm Loan Products
7	GreenGalaxy JGP Asset, Agrogalaxy and Vert Capital	3,5	-	3,5		✓			✓	Capital Markets Offerings
8	Conexus-Belterra-Gaia-Santander Green CRA Conexus, Belterra, Gaia and Santander	-	3,5	3,5			✓	✓		Capital Markets Offerings
9	Natura Living Amazon Natura, Vert	-	1,9	1,9			✓	✓		Capital Markets Offerings
10	SIMFlor Program SIM, BVRio, and EcoSecurities	-	-	-	✓				✓	Carbon Based Structures
11	FIDC Fiagro Belterra Agroforestry Productive Restoration JGP, Belterra	-	-	..***			✓	✓		Farm Loan Products
	Total	96,9	143,0	239,9						

* Products disbursements were converted from reais (R\$) to dollars (US\$) adopting R\$ 5 / 1 exchange rate.

** No products are reported within the Chaco Biome up to 2023.

*** Official disbursements yet to be announced

In addition to products developed by IFACC signatories, two other notable announcements in 2023 were the [IDB US\\$ 250 million loan to Molinos Agro](#), with Santander and Rabobank, to boost agricultural production and promote exports in Argentina, and the [Cargill financing of Belterra](#), a leading agroforestry company in Brazil, to expand cocoa production on degraded land in the Amazon region of Mato Grosso.

1. “Guidelines for Alignment with IFACC Environmental and Social Approach”; “Impact Monitoring Guidelines”.



IFACC IMPACT RESULTS

2023 is the first year that IFACC is reporting impact results, based on a set of core KPIs for each financial product reported on annually by IFACC signatories, following the framework outlined in [IFACC Impact Indicator Guidelines](#).

IFACC's theory of change calls for accelerating lending and investment in agricultural models that can increase production and farmer incomes without further habitat loss. The target production models include soy and agriculture expansion over already-cleared pastureland, sustainable intensification of cattle production, protection and restoration of native vegetation, and agroforestry. The IFACC "core" KPIs track the hectares of implementation in each of these categories, by biome, as presented in the infographic on page 9.

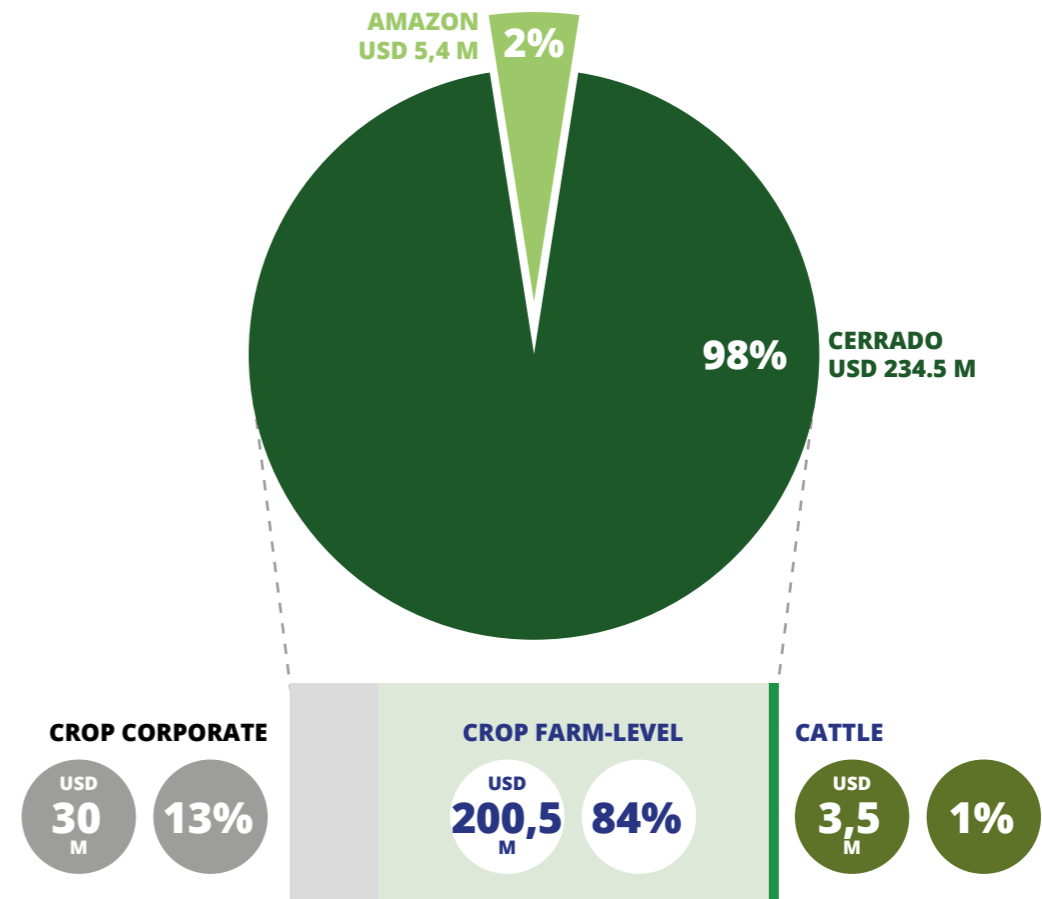
98% of the IFACC-aligned financial solutions

to date were implemented in Brazil's Cerrado, largely for soy and complementary commodities such as corn. The greatest area of impact has been the expansion of soy over already-cleared pasturelands, but there has also been significant activity in yield improvement and protection of native vegetation.

The [IFACC Impact Indicator Guidelines](#) also include a set of "advanced impact indicators" with recommendations on how to measure these. The advanced indicators include avoided deforestation, carbon benefits from avoided deforestation and sequestration, yield improvements, beneficiaries, and smallholder participation. IFACC signatories are encouraged to collect this data to generate more intelligence over the affective impact generation from their financial innovations.

OVERALL IMPACT DATA OF IFACC-ALIGNED PRODUCTS FOR 2022 - 2023

DISBURSEMENTS (USD 239.9 MILLION)



IMPACT RESULTS

FINANCIAL PRODUCTS FOR CORPORATES:

Area of natural ecosystem protected (legal compliance): **751,292 hectares**

Area of natural ecosystem protected (beyond legal compliance): **28,000 hectares**

FINANCIAL PRODUCTS THAT REACH PRODUCERS DIRECTLY:

Area of already cleared pasture converted into soy production: **91,783 hectares**

Area of sustainably intensified agricultural crop production: **77,811 hectares**

Area of sustainably intensified beef cattle production: **4,215 hectares**

Area of natural ecosystem protected (legal compliance): **116,156 hectares**

Area of natural ecosystem protected (beyond legal compliance): **19,087 hectares**

Area under ecological restoration: **739 hectares**

Disbursement for soy and cattle financing: **USD 234.5 M**

Disbursement for Agroforestry and NTFP: **USD 5.4M**



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MOBILIZING FINANCE AT SCALE

© TNC/Maira Erlich

Capital is beginning to flow to the agriculture transition in the region, as indicated by the products and disbursements highlighted in this report, however, we are in the early stages of market evolution and lending and investment will need to accelerate in the coming years. IFACC's goal is for transitional agriculture investment to mature beyond the "pilot phase" and become an established investment thesis for mainstream investors, reaching \$10 billion in disbursements by 2030. Key challenges faced by our signatories to scale investment include:

- The need to offer long-term product tenors, grace periods, and attractive interest rates to finance key IFACC-aligned production models - while also enabling commercially viable transactions
- The limited track record of long-term financing for the sector to attract private capital from impact and mainstream investors
- Managing farmer credit risk beyond the top farmer segments to originate sufficient commercial pipeline
- Managing exchange rate and collateral risk

In the absence of a more favorable enabling environment whereby environmental services are internalized in the products we grow, trade, and consume daily, achieving the IFACC target of US\$ 1 billion disbursement or investment by 2025 and US\$ 10 billion by 2030 is likely only possible through a major injection of catalytic capital to de-risk and thereby unlock more significant flows of commercial capital to the sector. Indeed, several of our signatories report that they have tremendous investor interest in the senior tranches of their financial products and are only limited by the amount of subordinated capital they can attract. IFACC estimates a need for \$2 billion in catalytic capital by 2030 to achieve \$10 billion in total disbursements. We hear from our financial partners that they require catalytic capital that can:

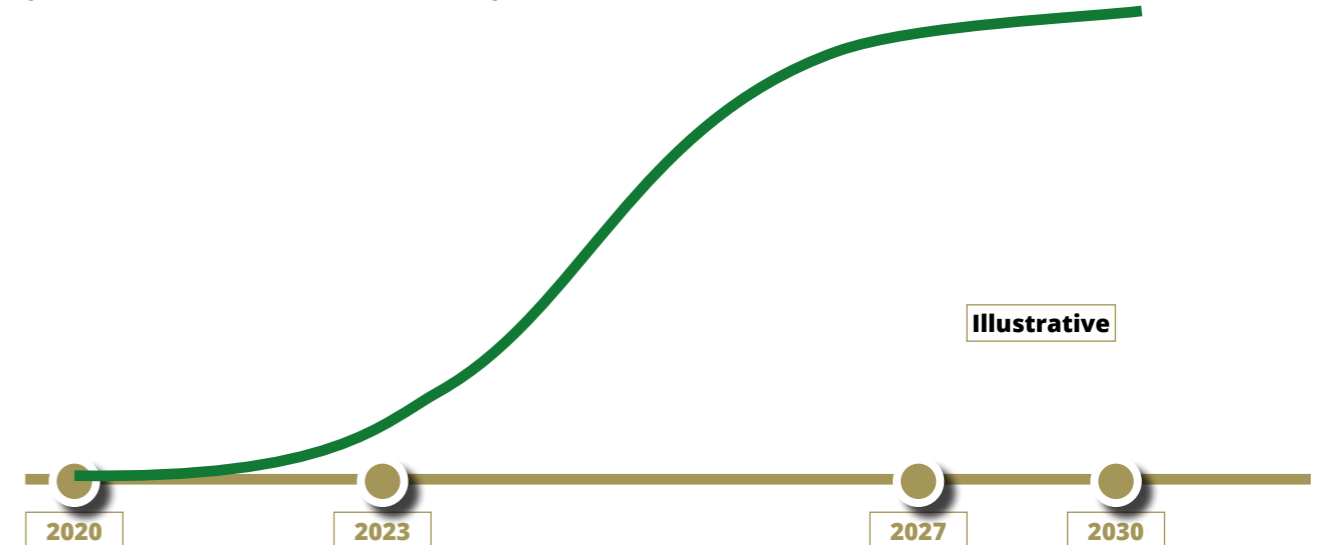
- Take subordinated positions, first loss, enhance and guarantee credit products, and manage exchange rate and collateral risks
- Be priced at truly concessional rates to crowd in commercial capital and allow for a compelling value proposition for farmers
- Use robust yet streamlined E&S frameworks and KPIs, such as IFACC's

- Employ timely, commercially-responsive review and approval procedures
- Support all critical sectors including, soy, cattle, and agroforestry
- Be of sufficient magnitude

A key priority for IFACC and our partners in 2024 and 2025 is to expand the availability of catalytic capital for IFACC-aligned products. Our work includes **crafting a narrative to make the case for catalytic capital and collectively advocating for this with partners**; engaging key development finance institutions, governments, and value chain actors to invest in this area; and convening senior executives to take action.

Looking ahead, despite the challenges noted above, we see momentum building for IFACC products. The political environment in Brazil in support of the agriculture transition continues to be favorable, with Brazil hosting the G20 in 2024 and COP 30 in 2025, and the recently launched National Program for Degraded Pasture Conversion, by the Brazilian Agriculture Ministry. We expect concrete progress by traders and slaughterhouses to create financial solutions for their suppliers, particularly the signatories of the [agricultural sector roadmap](#) while supply chain companies, banks, and investors are facing growing pressures to implement their Net Zero and climate goals. **We look forward to another year of growth in 2024, and to working with our partners and other stakeholders to overcome the most difficult challenges to scale towards our common goals.**

BRAZILIAN IFACC-ALIGNED AGRICULTURE LENDING AND INVESTMENT (DOLLARS OF ANNUAL DISBURSEMENT)



PILOT PHASE

- Test new product offerings and structures
- Eleven IFACC products /\$ 240 MM
- Close market gaps with innovative financial structures

RAMP-UP PHASE

- Expand disbursements
- Create replicable mechanisms
- Build track record
- Manage currency risk
- Scale MRV, impact monitoring
- Begin to access capital market in Brazil and globally.

ESTABLISHED INVESTMENT THESIS

- Replicable mechanisms
- Track record
- Large investments sizes
- Credit ratings, enhancement
- Innovative collateral
- Brazil and global capital markets
- Acceptable risk-return profiles

IFACC-ALIGNED PRODUCTS 2022 AND 2023

**BELOW WE PROFILE THE
DETAILED LIST OF IFACC-
ALIGNED PRODUCTS IN
2022 AND 2023**

**(IN ORDER OF
LAUNCHING DATE)**

The list includes products from 2022 and 2023, with 8 of them launched in 2022 and 3 of them in 2023, while 3 products from 2022 had new tranches disbursed in 2023 as indicated.

All products adhere to the IFACC E&S requirements including legality and no deforestation or conversion of native vegetation after January 2020.

IFACC signatories and partners are highlighted in green.

1. SYNGENTA, ITAÚ PASTURE RECOVERY PROGRAM (“REVERTE”) IN THE CERRADO



Closing date:

In 2022 and 2023 the Reverte program was expanded, following the initial launch in 2021.

Disbursed amount²:

A total of US\$ 116.9 MM; being US\$ 97.5 MM in 2023 (in addition to US\$ 19.4 MM disbursed in 2022, and in addition to US\$ 16.9 MM disbursed in 2021³ pre-IFACC)

Partners:

Syngenta, Banco ItaúBBA and The Nature Conservancy

Overview:

Long-term financing provided by Itaú to Syngenta clients to expand soy production over degraded pastureland in the Cerrado using regenerative agriculture practices, including integration with livestock production. Restoration of degraded soil includes investments in input packages, infrastructure, and machinery.

Structure and terms:

Loan tenor of up to 10 years with up to three-year grace period, providing patient capital for farmers at attractive interest rates. Itaú is the lender of record to the farmer; Syngenta shares a portion of the lending risk.

Expected impact:

The program has financed the agricultural expansion of over 82,941 hectares of degraded pastureland, reducing the pressure of expansion over native vegetation areas. Agricultural practices also enable sustainable yield improvements for farmers.

Scale opportunities:

The program aims to scale to 1 million hectares over the coming years and is exploring other financial solutions that can unlock funding at the scale needed.

2. Products are shown in dollars even when they were denominated in reais. Currency exchange rate conversion should consider roughly US\$ 1 / 4.9 R\$, but correctly assessed considering each year.

3. Numbers related exclusively to proceeds to the Cerrado region.



CERRADO



2. SIMFLOR PROGRAM

Closing date:

October 2021

Disbursed amount:

No disbursements thus far.

Partners:

Sustainable Investment Management (SIM), and Ecoscurities

Overview:

A system to promote the implementation of the Brazilian Forest Code using carbon finance to purchase Forest Reserve Credits (CRAs⁴) from landowners in the Amazon biome who conserve forests beyond the legal requirement.

Structure and terms:

The consortium raised a credit line of R\$ 1 billion from international carbon traders to quickly promote the implementation of the Brazilian Forest Code through the acquisition of Forest Reserve Credits (CRAs – Cotas de Reserva Ambiental) from landowners in the Brazilian Amazon. Under the Brazilian Forest Code, landowners who conserve their forests beyond the legal requirement can sell CRAs associated with that surplus area. SIMFlor is entering into CRA agreements with landowners willing to conserve their forests for at least 30 years, and then monetize the carbon value of the avoided deforestation in the voluntary carbon markets to make payments to the landowners.

Expected impact:

Conservation of 500,000 ha of native vegetation, of which 100,000 hectares are of surplus legal reserves, and conservation of 300 MtCO₂e of carbon stocks in these areas, of which 60 Mt CO₂ is in areas of excess legal reserves. In addition, this mechanism has the potential to stimulate greater interest and scaling of the CRA mechanism in Brazil which could accelerate Forest Code compliance and Brazil's path to zero deforestation.

Scale opportunities:

Launched in 2022 with R\$ 1 billion, the program seeks to deploy R\$ 3 billion in the coming years.



3. AGR13 RESTORATION OF DEGRADED PASTURELAND LOAN

IFACC

2022
USD 13 MM

Closing date:

July 2022

Disbursed amount:

US\$ 13 MM

Partners:

AGR13, Rabobank, an established agricultural producer and a trader of grains

Overview:

Long-term loan with a partial de-risking guarantee to fund the conversion of degraded pastureland area for agricultural production in the State of Goiás into a new production site with substantial restoration and conservation of native vegetation as well as the implementation of modern sustainable production techniques.

Structure and terms:

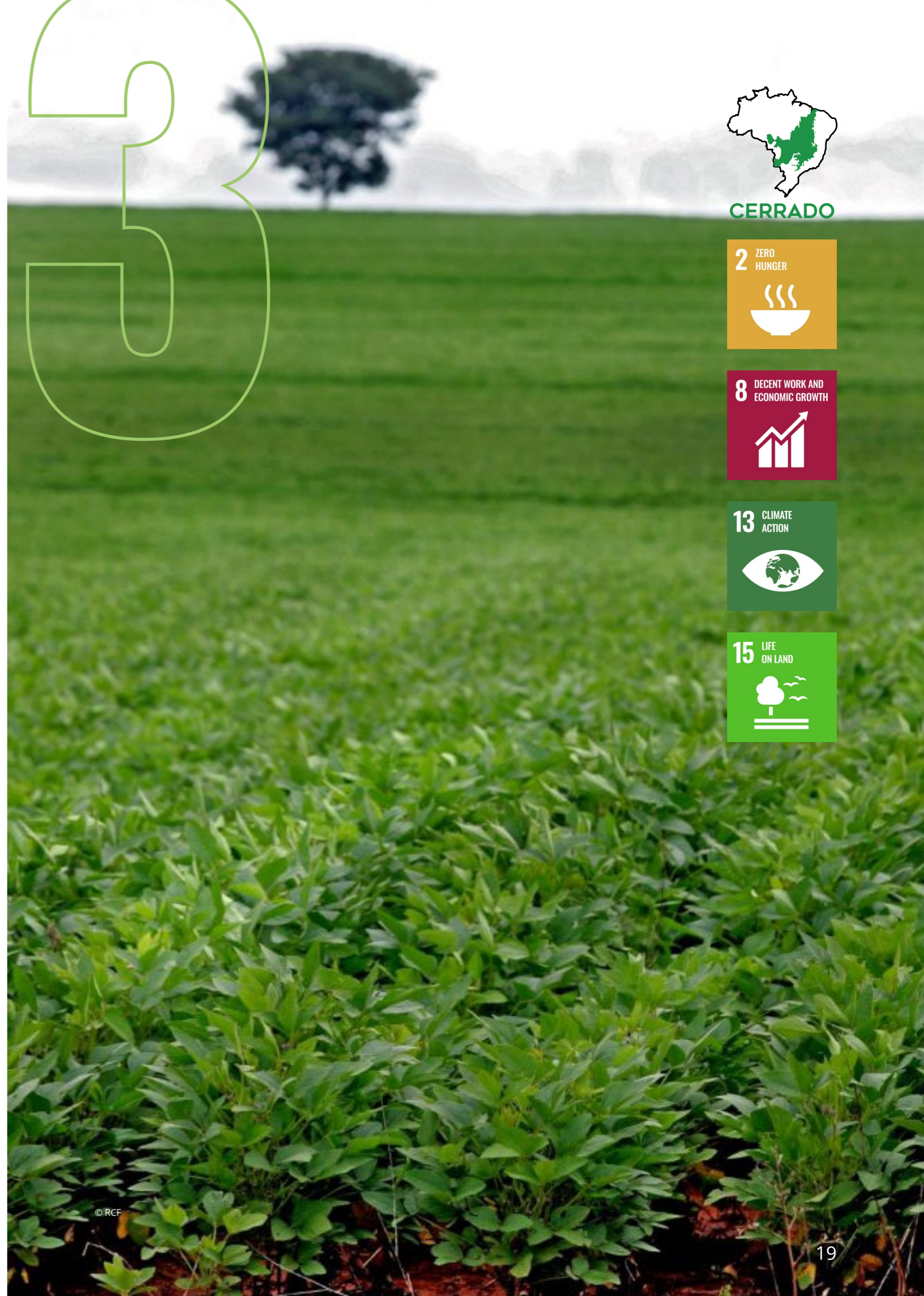
10-year loan agreement with Rabobank Brazil, being partially guaranteed by the AGR13 Fund, covering 50% of the amount (US\$ 6.5 MM) and increasing to 100% of the risk as of year 7 of the loan, when Rabobank exposure is fully repaid. The use of proceeds will be directed to the adoption of farming best practices for conversion of degraded pastureland into crop production areas (investing in input purchase, machinery & equipment) and restoration practices.

Expected impact:

New 8,000 hectares farm being set up in areas that were formerly occupied by degraded pastures and that have a low productive capacity. Protection and restoration of 1 hectare of native vegetation for every hectare used for crop production, resulting in a surplus legal reserve of twice as large as legally required (50% instead of 20%). The transaction will also foster nearly 200 additional jobs at the site, improving significantly rural livelihoods in an area where permanent, good-quality jobs are scarce. The project is also committed to developing education environmental activities at four schools in the region.

Scale opportunities:

The transaction strongly supports AGR13's ambition and the sustainable intensification of agricultural production on already cleared, degraded land while restoring and protecting remaining forest reserves, which are considered essential elements of alleviating expansion pressure from agricultural production in Brazil.



CERRADO



4. &GREEN & FS - CORN ETHANOL LOAN

IFACC

2022
USD 30 MM

Closing date:
May 2022

Disbursed amount:
US\$ 30 MM

Partners:
&Green, FS

Overview:

Long-term corporate loan to support FS in the origination of DCF corn for biofuel and animal feed production in the Mato Grosso State region. FS sources corn from farmers who produce it as a second crop to soybeans, their main grain. Within this system, corn plays a fundamental role as it produces a large amount of husk that helps protect the soil, recycle nutrients, and increase the organic matter in the soil.

Structure and terms:

Long-term finance (8-year tenor) to FS corporate entity. The use of proceeds will promote DCF soy, by engaging suppliers and stakeholders, improving the supply chain traceability, land use intensification, forest restoration, and forest conservation.

Expected impact:

The commitments undertaken by FS will drive the transformation of sourcing practices used by corn producers in MT, and, by implication, the production practices of soy producers from whose farms the corn is sourced as a second crop. FS will originate from 800,000 hectares of planted area per year in both the Amazon and Cerrado biomes in Mato Grosso (close to 20% of the soy farming area in the State). The program will also promote yield increase through land use intensification on 40,000 hectares of degraded area, forest restoration of 5,000 hectares, and conserve 224,000 hectares of forest through its direct and indirect suppliers, of which 28,000 exceed the Legal Reservation. The project also aims to secure 96% of FS biomass demand from renewable sources. The transaction also sets specific targets for the on-the-ground implementation of strategies, as well as performance indicators for the E&S impacts.

Scale opportunities:

Additional investments from different types of co-investors to fund future expansion activities are expected.



CERRADO



5. RESPONSIBLE COMMODITIES FACILITY - CERRADO PROGRAMME FUND

IFACC

2022 USD 11 MM	2023 USD 36.2 MM
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Closing date:

1st tranche in August 2022 and 2nd tranche in October 2023

Disbursed amount:

In 2023, US\$ 36.2 MM considering the expansion of the original tranche launched in 2022 that accounted for US\$ 11 MM (US\$ 47.2 MM in total)

Partners:

Sustainable Investment Management (SIM), OPEA, Traive, and Investors: AGR13, Rabobank, and Santander, being previously invested in 2022 by UK Retail Supermarkets (Tesco, Sainsbury, and Waitrose)

Overview:

Securitized agricultural receivables to provide low-interest annual loans to 122 soy farms in the Cerrado committed to protect their forest cover beyond the legal requirements in Brazil.

Structure and terms:

Dollar-denominated Certificates of Agricultural Receivables (“CRAs”) registered in the Vienna stock exchange were issued to finance soy producers in the Cerrado, offering one-year loans with interest rate reductions of approximately 20%.

Expected impact:

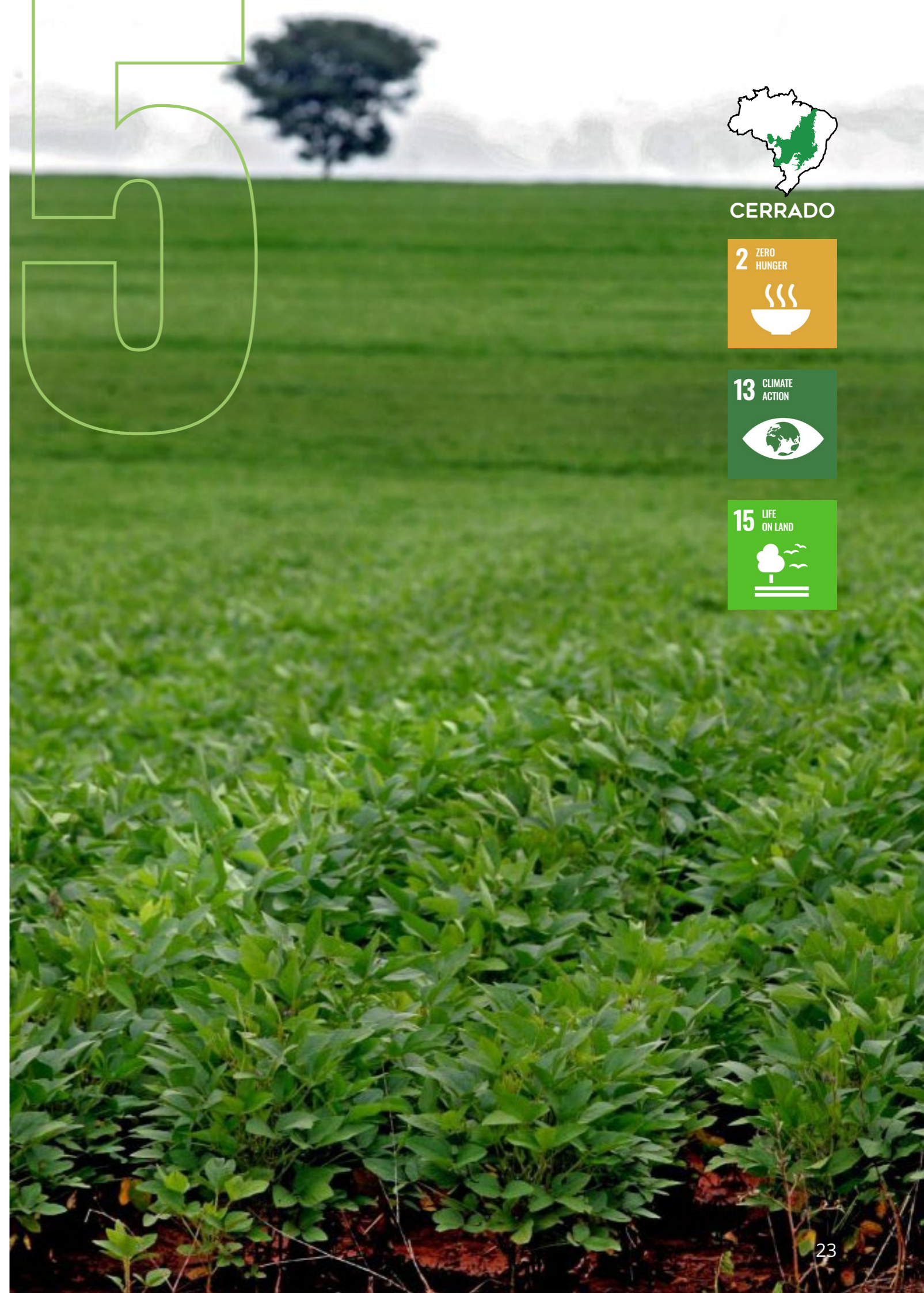
The program has funded farmers who have forest cover beyond the legal requirements and will thereby conserve 11,300 hectares of this surplus legal reserve and over 43,400 hectares overall (including the areas legally required to be protected) and this number is expected to grow by 10x by 2025. The program is conserving carbon stocks (21.0-million-ton CO₂e, potentially growing 9x by 2025) and biodiversity while supporting the production of deforestation and conversion-free soy (having produced 42,000 tons of DCF soy on its first main crop season). So far, the program has achieved zero deforestation or conversion of native vegetation and zero financial default on repayment of loans.

Scale opportunities:

The facility intends to scale new tranches in the future, working with the corporate supply chain companies from the retail sector that financed the first phase as well as a broader set of commercial investors.



CERRADO



6. AGR13 & RABOBANK - LOCKS GROUP SUSTAINABLE AGRICULTURE LENDING

IFACC

2022
USD 20 MM

Closing date:

October 2022

Disbursed amount:

US\$ 20 MM

Partners:

AGR13, Rabobank, Grupo Locks, IDH and ReNature

Overview:

Long-term Rabobank loan with a de-risking guarantee provided by AGR13 to support Locks Group, a grain and cotton producer from the Mato Grosso State region, in their transition to a more regenerative, circular agriculture model (soy, corn, cotton, sorghum, other grains, and cattle).

Structure and terms:

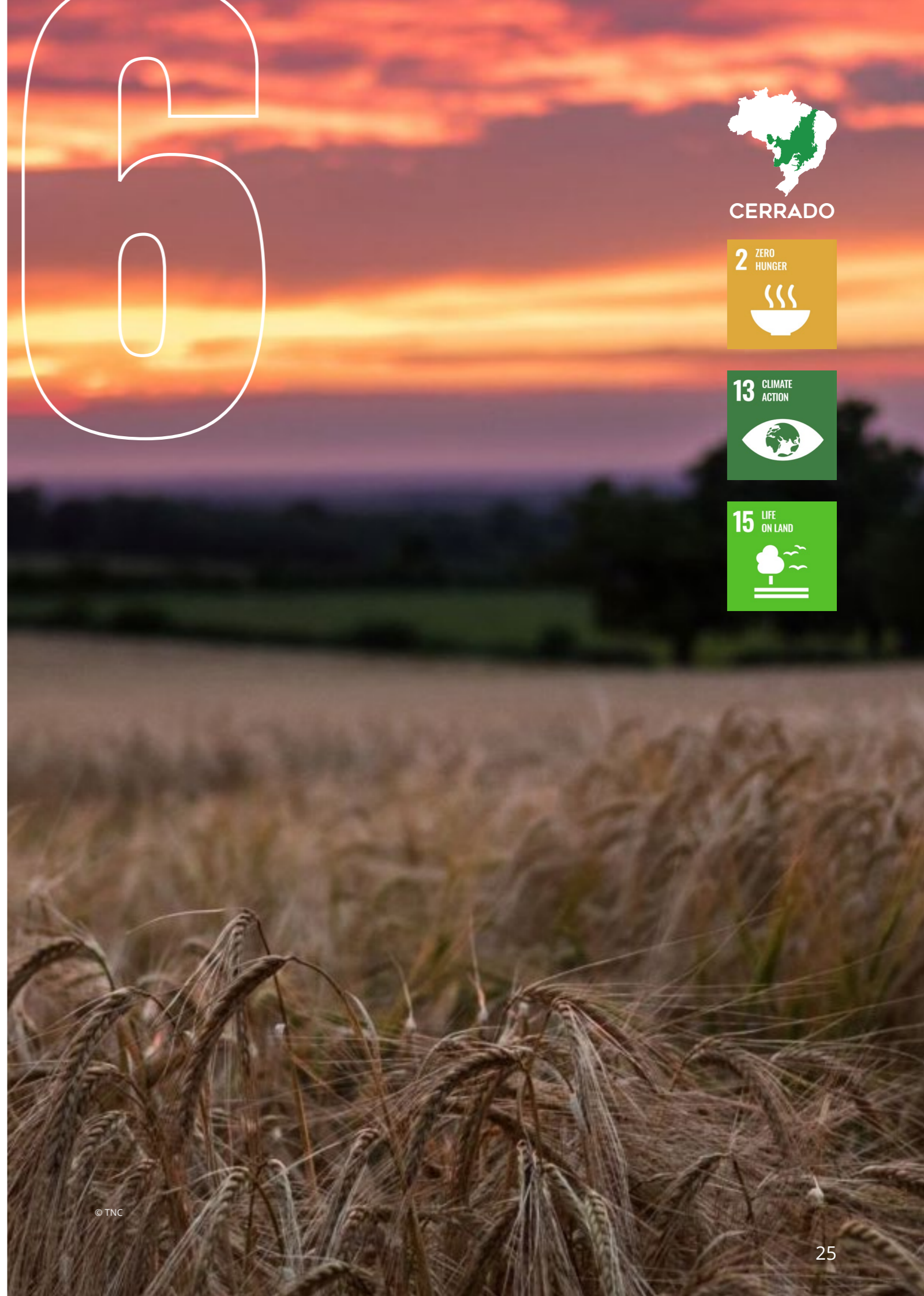
Rabobank provided a 10-year loan facility of US\$ 20 MM that was de-risked by US\$ 8 MM (unfunded) risk participation from AGR13, whereby AGR13 will guarantee 100% of the last 3 years of the loan.

Expected impact:

The loan is expected to support the recovery of pastureland for agricultural production, improve soil health, and potentially increase yields and yield resilience. Investments include expanding the utilization of cotton by-products for animal feed, the recycling of animal manure into fertilizer, and other measures that will help reduce agrochemical application and water and energy usage.

Scale opportunities:

Demonstrating value in this deal is expected to mobilize increased interest from farmers for similar practices and crowd in more commercial banks to finance sustainable farming systems in Brazil. The partners also plan to extend the approach to other commodities and market segments over the coming year.



CERRADO



7. JGP, AGROGALAXY AND VERT - GREEN GALAXY

IFACC

2022
USD 3.5 MM

Closing date:

December 2022

Disbursed amount:

US\$ 3.5 MM

Partners:

JGP Asset, Agrogalaxy, and Vert Capital

Overview:

Securitized agricultural receivables to fund a new program called “GreenGalaxy” that provides funding and technical solutions to help small and medium farmers transition to sustainable, low-carbon, and regenerative agriculture. The program aims to help farmers raise yields and expand production on already-cleared lands while avoiding deforestation and improving input use.

Structure and terms:

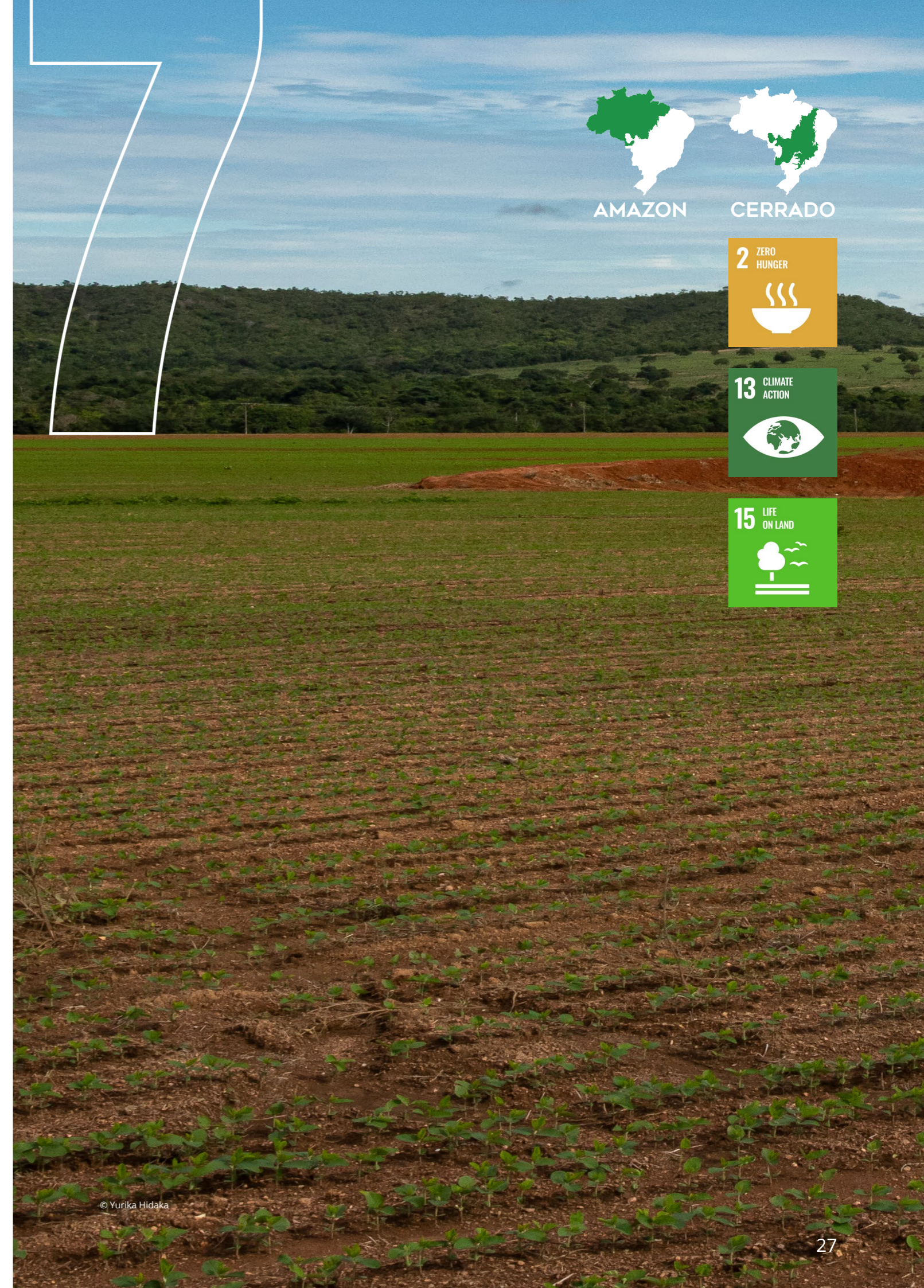
Reais-denominated Certificates of Agricultural Receivables (“CRAs”) with tenors of up to 40 months, with Agrogalaxy corporate guarantee. JGP acts as an anchor investor. Agrogalaxy provides their input receivables in the form of credit rights, that are structured into a securitization vehicle by Vert. Qualified as “transitional” by NINT Second Opinion.

Expected impact:

This initial product will include 10,000 hectares and up to 25 small and medium-sized farmers committed to zero deforestation and conversion in the Amazon, Cerrado, and Atlantic Forest biomes.

Scale opportunities:

By the end of 2023, the GreenGalaxy program intends to expand its coverage to 100,000 hectares and reach 2 million hectares by the end of the decade.



AMAZON



CERRADO



8. AGR13 & RABOBANK - RENOVA PASTO

IFACC

2022
USD 3.9 MM

Closing date:

Initiative launched and first transaction closed in 2022

Disbursed amount:

US\$ 3.9 MM disbursed thus far.

Partners:

AGR13, Rabobank and IDH

Overview:

Initiative offering a standardized package of long-term loans and technical assistance to cattle producers in the Cerrado and Amazon regions for the restoration of degraded pasturelands and to accelerate the protection and restoration of critical forest ecosystems. It combines the initiative partners' capacities in the provision of rural credit, long-term credit guarantees, and technical advisory in agricultural production, with native vegetation protection and restoration.

Structure and terms:

Long-term loans of up to 10 years with 3 years grace provided by Rabobank to middle to large cattle farmers. These loans are supported by partial guarantees from AGR13 of up to 40% in years 1-3 and gradually increase to 100% in years 7-10. This structure enables the bank to extend its financing tenor and support non-cash-generating activities, such as forest conservation and technical assistance (provided by IDH).

Expected impact:

Restoration of degraded pastureland to sustainably intensify cattle ranching and reduce pressure on expansion over native vegetation. Accelerate compliance with the forest code, improving conservation and restoration of forest areas on cattle farms. It also supports the improve rural livelihoods through increased technical capacity and assistance.

Scale opportunities:

A replicable model for eligible Rabobank clients. The partners also plan to extend the approach to other commodities and market segments over the coming year.



9. CONEXSUS, BELTERRA, GRUPO GAIA AND SANTANDER GREEN CRA

IFACC

2023
USD 3.5 MM

Closing date:
January 2023

Disbursed amount:
R\$ 17 MM (equivalent to US\$ 3.5 MM)

Partners:
Conesus, Belterra, Grupo Gaia and Santander

Overview:
Green innovative CRA for five Brazilian biomes, with a strong focus on Amazon local communities, fostering a wide range of economic activities that support the standing forests, regeneration of degraded land, and sustainable production, such as agroforestry systems of cocoa, banana, cupuaçu, pupunha, and cassava, among other species.

Structure and terms:
Issuance of a CRA with unprecedented terms to boost businesses linked to the bioeconomy in the North and Northeast regions of Brazil, fostering agroforestry systems, restoration of degraded areas, and supporting cooperatives that make sustainable use of natural resources. Grupo Gaia was the issuer of the bond, and Santander the coordinator of the transaction, the proceeds were channeled to 22 community cooperatives connected to Conesus and to Belterra, a startup specialized in developing agroforestry systems. To reduce investor risk and provide reduced rates to the cooperatives, the issuance was divided into three quotas: senior, mezzanine, and subordinated – with those in the latter category being acquired by Conesus and Belterra, using concessional resources from the Fund Vale and the Good Energies Foundation. Maturity dates and rates ranged from 3.3% to 15.75% per year (CDI + 2.1% rates in reais). This structure made it possible to transfer credit with interest of 12% p.a. to producers, who, for the most part, face difficulties in raising working capital and scaling up their activities.

Expected impact:
Green CRA will finance working capital for 22 community businesses and four small and medium-sized impact companies, benefiting 4,500 producers without access to traditional credit lines. The investment will benefit businesses in 5 biomes in Brazil, with a strong presence in the Amazon.

Scale opportunities:
Initial investment can be expanded in future issuing considering the potential of other communities and non-timber forest products.



10. LIVING AMAZON MECHANISM (“MECANISMO AMAZÔNIA VIVA”)

IFACC

2023
USD 2.4 MM

Closing date:

December 2023

Disbursed amount:

US\$ 2.4 MM

Partners:

Vert Capital, Natura, FUNBIO

Overview:

The Living Amazon Mechanism consists of two mutually reinforcing instruments: the issuance of a CRA and the set-up of a Technical Assistance facility called Enabling Conditions Facility (ECF). The CRA is structured, issued, and managed by Vert and backed by the Agribusiness loans originated by local credit cooperatives and associations to finance working capital and input purchases of smallholder farmers and extractivists in the supply chain of Natura in the Amazon. The objective of the project is to strengthen Amazon’s socio-biodiversity organizations, businesses, and supply chains, promoting a development model in the Amazon that combines upfront finance and conservation with income generation for local communities and which will serve as a demonstration model to continue attracting more off-takers and market investments by other investors and donors.

Structure and terms:

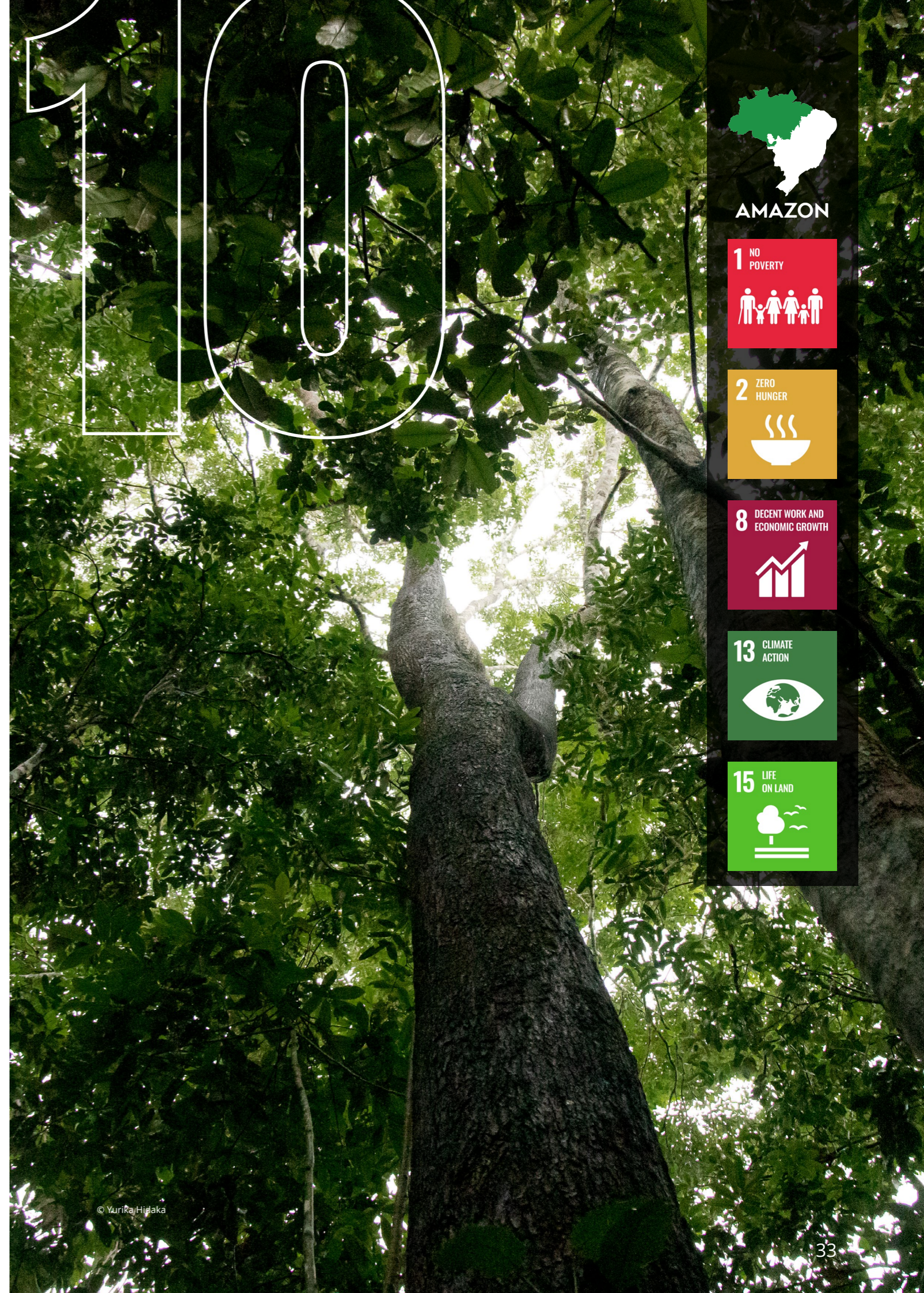
The CRA acquires the loan portfolio of the cooperatives and securitizes it in the local capital markets. The loans will finance sociobioeconomy activities in the Amazon to deliver the intended supply of products. The underlying assets (the Agribusiness loans) are formalized as Financial CPRs (Rural Producer Banknotes), have financial settlement, and are issued electronically by the cooperatives, which in this case, are Natura’s suppliers. These suppliers are initially composed of 10 agro-extractivist associations or cooperatives in the Amazon, formally constituted.

Expected impact:

“Mecanismo Amazônia Viva” plans to increase the production and revenue volume of more than 40 agro-extractivist cooperatives and associations and benefit more than 10 thousand families in the region, fostering territorial development in around 16 territories while contributing to the conservation of over 3 million hectares of native forests. To do so, it provides the agro-extractivist cooperatives and associations with working capital and investments to lead a more efficient operation, in addition to promoting through its Enabling Conditions Facility (ECF) managed by FUNBIO socio-environmental programs that help solve structuring problems in territories and strengthen the protagonism of young people and women, for example.

Scale opportunities:

Initial investment can be expanded in future issuing considering the potential of other communities and non-timber forest products. The product was also selected by the first BNDES blended finance call for proposals.



11. FIDC FIAGRO BELTERRA - AGROFORESTRY PRODUCTIVE RESTORATION

IFACC

2022
USD 6 MM

Closing date:

December 2023-February 2024

Disbursed amount:

Official disbursements yet to be announced.

Partners:

JGP Asset Management, Belterra, Fundo Vale

Overview:

Capital markets offering dedicated to funding a leading company that implements and fosters the expansion of agroforestry systems in the Amazon and Atlantic Forest regions.

Structure and terms:

The product is a FDIC Fiagro, a Brazilian tax-advantaged agriculture fund, structured as a blended finance facility dedicated to allocating its funds to the execution of a 4,000-hectare agroforestry pilot project to be carried out by Belterra.

Expected impact:

The project focuses its implementation pilot in 4,000 ha in the Amazon (90%) and Atlantic Forest (10%) within regions that face serious social challenges and high levels of deforestation, adopting a model that relies on long-term leasing contracts that enable technological transfer from Belterra to the landowners without relying on land acquisition, allowing Belterra to expand into other regions after the project is implemented. Therefore, it is expected to have an impact over the region's Human Development Index (HDI) and the level of deforestation in the selected municipalities. As a result of the project's substantial socio-environmental additionalities, it is expected that nearly 545 tons of carbon will be captured throughout the implementation and maintenance of the Agroforestry Systems. The pilot expects to generate 680 direct jobs associated with its development.

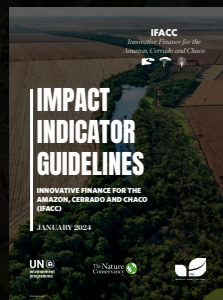
Scale opportunities:

The fundraising expectation for the pilot goes up to BRL 125 MM (US\$ 25 MM). The full pilot will consist of 4,000 hectares of restoration of degraded areas in the Atlantic Forest and the Amazon, involving about 50 small and medium-sized properties. The collaboration aims to accomplish the restoration of 40,000 hectares of degraded land by 2030 through the implementation of agroforestry systems. It is estimated that R\$ 1 billion will be required to achieve this goal.



KNOWLEDGE PRODUCTS 2023

The initiative has produced several reports to share leading research and information on science, economics, and practice of innovative finance for cattle, soy, agroforestry, and non-timber forest products in the region. Our 2023 IFACC published reports include the following:



[IFACC Impact Indicator Guidelines](#)

Guidelines to clarify for the IFACC signatories what are the expectations for reporting on IFACC products, and to help signatories report impact in their public communications and for other initiatives. They include technical definitions and methodological guidance on how to implement these monitoring requirements, enabling a consistent performance measurement and reporting across all IFACC financial mechanisms.



[The Role of Transitional Finance in Meeting Land-Use & Climate Goals](#). This guidance document is intended to support banks, catalytic capital providers, investors, and supply chain companies in understanding the global imperative for expanding agriculture production in Brazil through more efficient use of already-cleared pasturelands, and the critical role that innovative finance plays in meeting future global food demand while limiting global warming to 1.5°C.



[Investing in Agricultural Expansion Through Pasture Recovery and Yield Improvements in Brazil](#). This concept note aims to support Latin American banks, investors, and soft-commodity companies - with significant portfolio exposure to agricultural production - in understanding the linkage between Land Use Change ("LUC" - i.e., deforestation and natural habitat conversion) with the 1.5°C target, and how transitional finance mechanisms can support them in accomplishing their climate commitments.

PREVIOUSLY LAUNCHED KNOWLEDGE PRODUCTS

We invite you to visit our [Knowledge Hub](#) where you can find these and other relevant content produced by IFACC and our partners.

[Finance for a Forest-Positive Future: The transition to sustainable cattle and soy production](#)

[IFACC 2022 Market Report](#)

[Catalytic Capital Landscape & Opportunities for IFACC](#)

[Pathways to Leverage Carbon Finance for Deforestation-and-Conversion-Free Soy and Beef Production in the Amazon and Cerrado](#)

[Training on innovative finance for Brazilian financial institutions](#)

[IFACC Insights, Subscription](#)

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Innovative Finance for the Amazon, Cerrado and Chaco



SUGGESTED CITATION:

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This document is supported by an initiative led by The Nature Conservancy, Tropical Forest Alliance, and the United Nations Environmental Program, leading institutions in this space with highly complementary capabilities. IFACC will work with producers, companies, banks, and investors to overcome the barriers to scaling investment and to help catalyze finance towards this transition.



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