



News updates from the Climate Finance Unit

AGRI3 Fund launched with Dutch Government and Rabobank as anchor investors

27 Jan 2020 [Ivo Mulder](#)

The capitalisation of the AGRI3 Fund was announced at this year's WEF in Davos on 23 January, where both the Dutch Government and Rabobank each announced a contribution of USD 40 million, bringing the initial capital base to USD 80 million. What is this initiative about, what does it try to do, and how does it aim to make a positive difference?

About the AGRI3 Fund

It started with the [partnership between Rabobank and UNEP](#) in October 2017, where an ambitious objective was put forward to direct USD 1 billion in private and public capital towards sustainable, deforestation-free agricultural production.

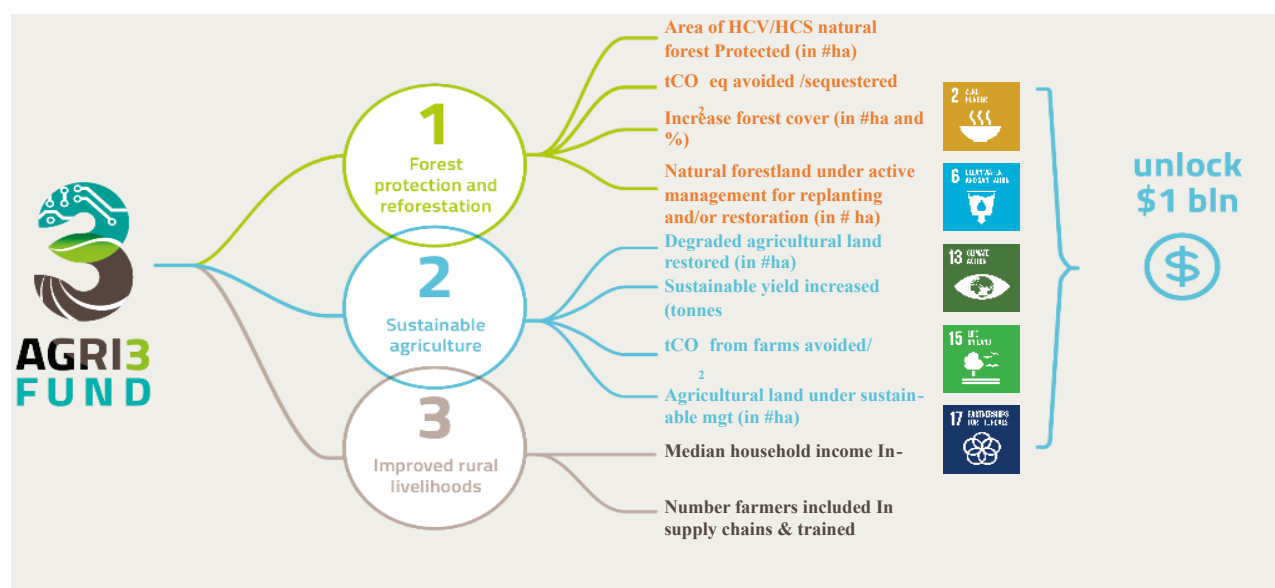
Very quickly thereafter, a decision was made to create a new blended finance fund – called AGRI3 – that would act as a vehicle to *partially* reduce the risk for financiers and their clients on a transaction basis, given the nature of the transactions extend beyond the risk that credit/investment committees of banks and investors would normally accept.

The name 'AGRI' was chosen, because the nature of this vehicle will predominately focus on changing the way agriculture production, processing and trade is being financed. The number "3" stands for 'forest, food & finance'.

Since then a lot of work has been undertaken to create a legal entity for the AGRI3 Fund, put a governance structure in place, an Environmental and Social (E&S) impact framework including Key Performance Indicators, and a pipeline of projects in the lead-up to the operationalization of the AGRI3 Fund.

What does it aim to achieve?

Over the past year, the partnership was enlarged when the Dutch Development Bank (FMO), the Sustainable Trade Initiative (IDH) joined, with Mirova Natural Capital, Cardano and FOUNT acting as investment advisor for the fund. The objective is to (initially) direct a USD 1 billion in public and especially private capital to (predominately) agricultural loans that contribute to improving people's livelihoods and in addition either protect forests and/or contribute to sustainable agriculture. Each of those objectives has KPIs and targets (see figure).



What has been UNEP's role

Our organisation has played a key role to getting this partnership and fund off-the-ground, which basically can be broken down in three phases. The first one constituted drafting the ambition level and formalizing the partnership. The second phase concerned the set up of the fund, by co-developing the E&S framework, communication products and acting as a 'bridge' or 'connector' between potentially interested public and private financiers. The third phase will focus on the operational phase. Going forward, UNEP will play an active role in the fund's governance as well as actively engaging with

the fund to ensure that the social and environmental targets at portfolio level are being made.

About the writer



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