



Agtech for inclusion and sustainability: SP Ventures'Regional Fund (Agventures II)

Basic Information

GEF ID

10336

Countries

Regional (Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Paraguay, Peru, Uruguay)

Project Title

Agtech for inclusion and sustainability: SP Ventures'Regional Fund (Agventures II)

GEF Agency(ies)

IADB

Agency ID**GEF Focal Area(s)**

Multi Focal Area

Program Manager

Avril Benchimol Dominguez

PIF

Part I – Project Informatics

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

The PIF proposal has been recommended for further development. The GEF seeks to address the below comments.

Agency Response

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion

General comment: some of agtech companies do not contribute to GEBs but increase transparency and pricing conditions. How would the GEF investment be earmarked to companies that create innovative solutions that contribute to GEBs? In general, the proposal makes reference to SDGs, we recommend having those “translated” into GEF GEBs.

Please provide GEBs at fund level: at this stage a list of core indicators as well as methodologies for quantification are required; based on the information provided by the Fund Manager, please add core indicators for Chemicals and Waste as well as CCM.

Additional comments as of 11/4

Please change LD 1-4 for LD 1-1 to reflect the types of investments the fund may be doing.

Agency Response

The Fund Manager will make investments into companies using the monies from Limited Partners on a pro-rated basis based on each Limited Partner capital contribution. As such, introducing a carve out in the LPA to restrict investments from GEF would not be possible.

The Fund has not started its operations yet hence there are not portfolio companies. Out of the 20 to 30 companies to be part of the final investment portfolio, it is expected that many of those companies would have a direct or indirect contribution to measurable Global Environmental Benefits . However, at this point the benefits and their magnitude cannot be specified. Such impact would depend on the number of companies in a specific sector and their respective business model. More accurate data could be identified by the end of the investment period and be reported during the mid-term and final evaluation of the Fund.

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

Please provide co-financing ratios if financial closing is achieved and if it is not achieved.

Agency Response The Fund manager is negotiating with the IDB Lab and other two (2) anchor investors the closing of the first round of capital. It is estimated that the closing would raise not less than \$20 Million and not more than \$25 Million. First closing is expected to happen within the next 3 months. The Fund Manager expects to raise \$60 Million in total. Considering the timing of GEF's approval process, by the time GEF is ready to invest the total amount raised should be close to \$60 Million therefore the estimated co-financing ratio

for GEF is 10X. The number of subsequent closings is at the discretion of the Fund Manager. Sometimes the fund is oversubscribed and the Fund Manager has to suspend the capital raise (earlier than expected) leaving potential investors without participating in the fund.

GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion

1- The information provided on GEBs requires additional work on quantification and/or methodology of both direct and indirect GEBs. Although it may be difficult to claim direct GEBs as only direct outputs and outcomes would be captured through Core and Sub-Indicators, we suggest that for CCM, you consider: (i) lifetime direct project GHG emissions mitigated (benefits produced during the project implementation), (ii) lifetime direct post-project emissions mitigated (benefits produced after the project implementation and until 20 years after the beginning of the project), and (iii) lifetime indirect GHG emissions mitigated (benefits produced outside the project itself but attributable to long-term results of GEF activities – policy change, capacity building, introduction of technology, new markets, etc.). In addition to CCM, LD benefits will have to be identified and quantified as it is a LD project (you may build upon the previous phase on Brazil?). You may refer to GEF Updated Results Architecture for GEF-7 available [here](#).

2- On technologies that do not necessarily result in GEBs, please comment what is the role of GEF support

Additional Comments as of 10/22

Please provide GEBs at fund level: at this stage a list of core indicators as well as methodologies for quantification are required; based on the information provided by the Fund Manager, please add core indicators for Chemicals and Waste as well as CCM.

Additional Comments as of 11/4

Please address mismatches between table Project Target Contribution to GEF 7 core indicators and Table A.

Agency Response

Addressing comment on 10/22: Additional information is being provided below Table F and in Section 6: "Global Environmental Benefits" part of the main body of the PIF.

As previously conveyed to the GEF representative, the Fund is working on the design of a matrix of KPIs and GEBs to be implemented once the Fund is in operations. This is explained in the section below Table F and in Section 6. "Global Environmental Benefits". Please refer to that section for an explanation on why the Fund cannot quantified indicators at this time and the description of the methodology to be

implemented

The Fund has not started its operations yet hence there are not portfolio companies. Out of the 20 to 30 companies to be part of the final investment portfolio, it is expected that many of those companies would have a direct or indirect contribution to measurable Global Environmental Benefits primarily related to the focus areas of land degradation including Impact programs related to food systems, and land use. However, at this point the benefits and their magnitude cannot be specified. Such impact would depend on the number of companies in a specific sector and their respective business model. More accurate data could be identified by the end of the investment period and be reported during the mid-term and final evaluation of the Fund. The support of the GEF would be on a macro level being one of the anchor Limited Partners. No LP can specifically determine the types of technologies and/or companies in which its funds would be invested in. As such, it is difficult to predict the degree of alignment of each of the technologies with GEF's GEBs.

Project/Program taxonomy

7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Part II – Project Justification

1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat Comment at PIF/Work Program Inclusion

Considering the level of co-financing that may be available to the fund, a detailed description of financial and environmental added value provided through GEF financing and a clearer description of how GEF funding is necessary to catalyze further investment is requested.

Agency Response

Given the geographic scope of the Fund, the number of companies part of the investment portfolio, and the sought business profile of its potential portfolio companies, the Fund manager estimates that in order to achieve the necessary operational and financial results for the Fund, a reasonable target size in capital commitment is \$60 Million with a minimum operational closing (minimum size to start operations) of \$24 Million. Investors (LPs) always pay attention to the institutions playing an anchor role as a validation sign of the project. Agventures II will be the first fund exclusively focused on Agtech in Latin America, and although it presents a promising future, raising capital is always challenging. The ideal scenario is to have an investor base comprising institutions that not also seek financial returns but also have as goals the improvement, development and/or preservation of the environment, agricultural industry, communities and the well-being of human beings as ultimate goal. Having GEF as a LP would help catalyze the participation of other investors with similar missions which would help not only the financial aspect but also on governance and the access to technical conduits for the agricultural sector.

GEF's participation, via its NGI, will serve to leverage the participation of the private sector. The participation of, and engagement with, the private sector in this project, directly and indirectly, will be very active. The purpose of this project, aside from the triple bottom line comprising social, environmental, and financial return, is to serve as a catalytic component for the participation of the private sector. The Fund will investment in private companies primarily in small and medium enterprises (SMEs) which would be owned by private companies and/or private individuals. In addition, the private sector will: (i) invest (as limited partners) via private entities in the Fund and would share the investment risks/profits with GEF, and (ii) gain knowledge gathered and shared by the Fund as it operates and invests in its target sector.

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

yes.

Agency Response

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project's/program's intended location?

Secretariat Comment at PIF/Work Program Inclusion

Additional geographical reference of project beneficiaries is required.

Agency Response

Latin America is the Fund's geographic focus. The Fund has not begun operations yet but already has an indicative pipeline which includes potential investments in Brasil, Argentina, Paraguay, Peru and Colombia. Once the Fund finishes its investment period six years after beginning operations, the exact location (city, country) of the portfolio companies will be identified. This information will be part of the reports to be produced by the Fund Manager and distributed to the investors on a quarterly basis. Given their nature of its business plan, prior to the end of the investment period, it is not possible for a Fund to provide specific location of its portfolio companies. As indicated in other sections of the PIF, the Fund plans to invest in 20 to 30 early stage Agtech startups across LAC with an expected geographic allocation of 60% of the fund's capital to be allocated in Brazil, Argentina, Paraguay and Uruguay, and 40% in other LAC countries.

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

Stakeholders section needs additional work and details.

Additional comments as of 10/22

The description is rather limited to say what kind of stakeholders will be involved. The agency should explain how the stakeholders will be engaged in the process and during the project implementation (the investors and the local entrepreneurs).

Agency Response

Addressing comment on 10/22: Additional information is being provided in Section 2 "Stakeholders" part of the main body of the PIF.

As previously stated, the Fund's investors (Limited Partners or LPs), aside from the IADB/IDB Lab, would comprise global agricultural corporates, Latin American agricultural corporates, development financial institutions, private companies, individual investors, family offices (private sector investors) from the region, and other organizations that share GEF's and IADB's social and environmental mission. The Fund Manager will follow ES&G screening and monitoring frameworks to be applied in all the investments.

Local entrepreneurs will benefit directly from the Fund's investment in their companies, allowing them to grow and become local economic leaders, which should have a spill-over effect on their local communities. The project is expected to contribute to improving the livelihoods, environmental outcomes and climate resilience of SMSFs across LAC, while also helping develop the Agtech entrepreneurial ecosystem.

As the fund starts operations and begins building its investment pipeline, it is expected that series of stakeholders (local communities, civil society organizations, and private sector entities) would/may participate directly or indirectly in some aspects of the project. However, at this point, and considering how VC funds operate, it would be difficult to precise who and how would interact with the fund. The geographic location of the portfolio companies would also determine the type and capacity of such interaction with stakeholders.

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

This section needs additional detail on specific actions for gender equality. Please provide criteria for proactive inclusion of women in investments made by the fund or any other criteria to be taken into account by FM.

Additional comments as of 10/22

Please provide additional background and justification in this section to include gender aspects in the investment decisions of the fund.

Agency Response

Addressing comment on 10/22: Additional information is being provided in section 3: "Gender Equality and Women's Empowerment" part of the main body of the PIF.

As previously stated, SP Ventures team has been actively involved in supporting gender equity and high-impact female entrepreneurship in agtech. Through their current fund AgVentures I, SP Ventures has been able to build a diverse portfolio, having 30% of the invested companies with women founders in a highly gender-disbalanced sector, and has provided continuous mentoring to some successful women entrepreneurs in agtech. SP Ventures has also incorporated a female Partner which leads non-agriculture related investment funds. IADB is expected to support SPV to further the gender efforts both at the fund level, with the incorporation of more women in the agtech investment team, and at the portfolio companies level by: (i) identifying companies eligible for investment with more diverse teams; (ii) promoting the professional development of women in agtech; and (iii) raising the profiles of female entrepreneurs through widely disseminated media and event. In terms of corporate governance, the Fund would promote the presence of women on the Board of its portfolio companies.

As described above, SP Ventures (as Fund Manager) would seek to increase the participation of women in its business/investment activities at the fund and portfolio company level. However, although this is a critical issue for the Fund Manager and for IDB lab as an investor, Gender would be part of a matrix of variables to be considered for investments by the GP. Status of the progress on initiatives promoting gender equality would be part of the mid-term and final evaluation of the Fund.

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Risks

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

See section III- comments on termsheet- for additional information needed on risks.

Additional comments as of 10/22

Please explain why you are targeting a first closing at US\$ 20 million and the expectation that co-financing ratio of 1:10 wont be achieved if not able to hit US\$ 50M.

Please explain why you only have 1 series of equity and not 2 series (one more subordinated to the other) to attract institutional investors.

Agency Response

Addressing comment of 10/22: clarification is provided in Section #5 "Incremental/Additional Cost Reasoning and Expected Contributions from Base Line, the GEF Trust Fund and Co_Financing" part of the main body of the PIF.

ANSWERS TO COMMENTS PROVIDED IN PART III RELATED TO THE TERM SHEET ARE PROVIDED HERE

Co-financing: are you targeting institutional or professional investors as limited partners?

The Fund's investors (Limited Partners or LPs), aside from the IADB/IDB Lab, would comprise global agricultural corporates, Latin American agricultural corporates, development financial institutions, private companies, individual investors, and family offices (managers of high-net-worth individuals) from the region among others.

On *average*, throughout the VC industry, around 85% of LP *capital* is institutional (e.g. pension *funds*, endowment *funds*, corporates, funds of funds, banks, etc.), and around 15% coming from individuals mostly being high net worth individuals.

An **Accredited** or **Sophisticated Investor** is an **investor** with a special status under **financial regulation** laws. The definition of an accredited investor, and the consequences of being classified as such, vary between countries. Generally, accredited investors include **high-net-worth individuals**, **banks**, investment funds, **financial institutions** and **corporations**, who have access to complex and higher-risk investments instruments/vehicles such as **venture capital**, **hedge funds** and **angel investments**.

In the United States, to be considered an accredited investor, one must have a net worth of at least \$1,000,000, excluding the value of one's primary residence, or have income at least \$200,000 each year for the last two years (or \$300,000 combined income if married) and have the expectation to make the same amount this year. The term "accredited investor" is defined in Rule 501 of Regulation D of the **U.S. Securities and Exchange Commission** (SEC).

Fund Investment Strategy: does the investment policy include concentration limits per investments/countries? Does the investment policy include integrity review of underlying investments? Are there any activities that are excluded from investment according to agency's policies?

Yes, the investment would include, among other matters, limitations on types of investments, limits on capital allocated per investment, and geographic allocation of capital. Yes, the investment policy would include integrity review of underlying investments. Yes, there would activities/types of business in which the GP will not be allowed to invest in. These three issues/matters are always part of requirements demanded by the IDB Alb when investing in VC funds and have also been part of the LPAs of the funds in which GEF and IDB Lab have co-invested.

The Investment Policy is part of any LPA of a venture capital fund. This Fund and the funds in which IDB Lab and GEF have co-invested are not exceptions to it. The Fund manager is still in the process of raising capital hence the LPA has not been finalized yet including its investment policy. It is important to mention that the LPA is not executed by a LP unless such LP agrees to the terms and conditions part of the LPA. The LPA would state that the General Partner will abide by the Investment Policy, including any investment limitations contained therein.

For now, the limitations to be part of the Investment Policy include: (i) expected geographic allocation of 60% of the fund's capital to be allocated in Brazil, Argentina, Paraguay and Uruguay, and 40% in other LAC countries, and (ii) no more than 20% of the Fund's capital in one single investment.

Related to the Investment Policy there would be an: (i) Exclusion List describing the types of companies the Fund would not be allowed to invest, and (ii) Environmental and Social ("E&S") Risk Management Guidelines which provides a set of guidelines to guide the assessment, categorization and reporting of E&S risks associated with Portfolio Investments.

Environmental and Social ("E&S") Risk Management Guidelines: The Fund would not invest in any Portfolio Investment that does not comply with the Environmental Sectoral Guidelines. The Fund would also be restricted from investing in any Portfolio Investment that is not in compliance with any local environmental and social requirements including any applicable environmental regulation, child labor and forced labor laws, rules, and regulations (including international treaty obligations) that apply to the local jurisdiction. SPVentures team include a new hire specialized in ESG issues.

Exclusion List: It would describe that the Fund would not make any investment in any Portfolio Company engaged in any of the activities to be part of the “**Exclusion List**” including but not limited to: (a) Production or trade in any product or activity that are illegal under host country laws, regulations or ratified international conventions and agreements, (B) Social and Environmental reasons such as: (i) Commerce with wild flora and fauna as regulated under the CITES Convention, (ii) Significant transformation or degradation of critical habitat, (iii) The production, distribution and sale of pesticides and herbicides which are internationally banned or subject to a staged withdrawal process, and (c) other applicable restrictions that are customarily requested by the IDB Lab / IDB Group.

What are the powers of the LPs through the advisory committee? How would the GEF participate in deciding on any material modifications to investment policies or replacement of fund manager, among others. Please elaborate.

All these issues, and more, would be part of the Limited Partnership Agreement (LPA) to be executed by all investors. It is customary for the LPAs to cover all those matters in detail. The Limited Partnership Agreement has not yet been drafted given that the Fund manager is still in the process of capital raise. IDB Lab is one of the anchor investors. As is the case in all the other investments in VC funds in which GEF and IDB Lab have co-invested, GEF will have all the rights associated to its investment as an LP of the Fund.

Any modification to important clauses part of the LPA require consent from LPs including removal of GP, extension of either investment period or divestment period, liquidation of the fund, and modification of investment policy among others. Based on the issue and materiality affecting the operations of the fund, some items may require 50%, 66%, 75% or even 80% consent from LPs based on capital contribution. As per the term sheet agreed by the Fund and IDB Lab, the General Partner can be removed by a vote of 75% of LP ownership interest. In general, the purpose of Advisory Committee is to provide advice to the General Partner, or as the General Partner may direct: (a) on the investment policies, strategies, activities, performance and prospects of the Partnership; and (b) amendments, if any, to the Investment Policies.

Exit Strategy: please explain the fund manager experience in negotiating exit strategy.

The GP (SPVentures) has more than 12 years investing in the Agtech sector and ecosystem building activities with over USD 40 million under management and more than 25 portfolio companies.

The first fund managed by SPV (‘Criatec I’, vintage 2007) had a USD 10M capitalization, conducted 8 investments (half of which were agtech startups), and achieved a 24% net IRR in Brazilian Real (BRL) through two (2) exits.

Their second fund – Agventures I, vintage 2013, is still active and in late 2018 finished its investment period hence now the GP is in the process of exiting its equity positions and has until 2023 to divest. Agventures-I has a USD 30M capitalization – with focus on agtech and investments in 20 companies. It currently has a marked-to-market return of Net IRR of 37.8% in BRL. Overall gross revenue of portfolio

companies has been growing at 65% per year. Although this fund has not had any exits yet, it has already received exit opportunities for 5 portfolio companies, with returns fluctuating between 2x and 10x multiples. Additionally, portfolio companies from Agventures I have raised new rounds from other investors, validating the quality of the portfolio and the potential for successful exits.

Composition of Investment Committee: Please provide CV of Fund Manager and Key executives. Please describe the role of LPs and GP in the technical support provided to start-ups.

CVs have been attached.

Limited Partners (LPs) are not involved in the operations of portfolio companies since that is the role of the Fund Manager's team. LPs do have participation in the Limited Partners Advisory Committee as well as the Investment Committee. On a quarterly basis, the fund Manager informs LPs about the status of the investment pipeline, investments executed, and monitoring of the investments as applicable. Additional and detailed reviewed of portfolio companies is discussed during the annual (or semi-annual) meetings between the Fund Manager and the Limited Partners.

On the other hand and in most cases, the Fund Manager/GP would take active board participation in portfolio companies, including the following duties: (i) attract and retain talented management team members, (ii) mentor the executive team, (iii) provide a level of market insight, guidance and support for future fundraising, (iv) monitor performance, inquire about performance deficiencies, (v) identify obstacles to progress, and proactively discern timing for change, and (vi) oversee and promote fiscal, legal, ethical governance, and environmental standards.

GP contribution: is the 1% in cash or in kind?

GPs' contribution would be in cash.

Pre-operating expenses of 1%: how are they covered?

It is customary, in the VC industry, for these expenses to be covered, up to a limit, by the capital Commitments from the Limited Partners. In the case of this Fund the limit is 1%.

Currency risk: only mitigated with currency diversification. Please provide correlation of currencies that are expected to be used, and currency risk sensitivity analysis.

Unlike transactions with debt instruments (i.e. loans) where derivatives (i.e. swaps and/or forwards) can be used to diminish the impact of foreign exchange (forex) risk, equity investments by VC funds are not feasible to be hedged with these instruments. It is worth clarifying that even in the case of loans, the use of forex hedging is not necessarily universal. Some currencies (primarily from smaller economies or

countries under political/social turmoil) are not liquid enough hence hedges for these currencies could be non-existent or too expensive.

Investments by Limited Partners (LPs) in the Fund would be in USD and the ultimate flows, during the Fund's divestment period, back to the LPs will be in USD as well. Investments by the Fund into portfolio companies will be done primarily in USD and perhaps in some exceptions in local currency but that would not be the norm.

As indicated in other sections of the PIF, the Fund plans to invest in 20 to 30 early stage Agtech startups across LAC with an expected geographic allocation of 60% of the fund's capital to be allocated in Brazil, Argentina, Paraguay and Uruguay, and 40% in other LAC countries.

The diversification among countries and business models (currency base and periodicity of cash flows) of the portfolio companies would serve, in some degree, as an organic hedge against forex risk. In addition, the Fund would seek diversification between is local currency-driven companies and the ones that may have relevant revenues in US Dollar. As stated before, the Fund has a ten-year life horizon, and would follow a regional strategy that is expected to generate enough financial upside to compensate for any effects derived from moderate exchange rate fluctuations.

Coordination

**Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined?
Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?**

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Knowledge Management

Is the proposed "knowledge management (KM) approach" in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

art III – Country Endorsements

Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

Annex A Financial Structure.

1. Co-financing: are you targeting institutional or professional investors as limited partners?
2. Financial additionality of GEF funding: Considering the level of co-financing that may be available to the fund, a detailed description of financial and environmental added value provided through GEF financing and a clearer description of how GEF funding is necessary to catalyze further investment is requested.
3. Fund Investment Strategy: does the investment policy include concentration limits per investments/countries? Does the investment policy include integrity review of underlying investments? Are there any activities that are excluded from investment according to agency's policies?
4. What are the powers of the LPs through the advisory committee? How would the GEF participate in deciding on any material modifications to investment policies or replacement of fund manager, among others. Please elaborate.
5. Exit Strategy: please explain the fund manager experience in negotiating exit strategy.
6. Composition of Investment Committee: Please provide CV of Fund Manager and Key executives. Please describe the role of LPs and GP in the technical support provided to start-ups.

7. GP contribution: is the 1% in cash or in kind?
8. Pre-operating expenses of 1%; how are they covered?
9. Currency risk: only mitigated with currency diversification. Please provide correlation of currencies that are expected to be used, and currency risk sensitivity analysis.

Agency Response

EFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

November 2019

GEFSec comments have been addressed.

The PIF is recommended for technical clearance.

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

Review Dates

	PIF Review	Agency Response
First Review	9/11/2019	
Additional Review (as necessary)	10/22/2019	
Additional Review (as necessary)	11/4/2019	
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO**Brief reasoning for recommendations to CEO for PIF Approval**