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# Developing Opportunities and Solutions in Sustainable Agricultural Finance

## Workshop Report

Geneva, February 6<sup>th</sup>, 2019



## Executive Summary

The [Good Growth Partnership](#) (GGP)<sup>1</sup>, a flagship initiative of the [Global Environment Facility](#) (GEF), convened funders of agricultural commodity supply chains, along with major producers and buyers, for a workshop to identify opportunities for scaling up finance for sustainable agricultural commodity production.

The workshop, held in Geneva on February 6<sup>th</sup>, 2019, was an opportunity to discuss key challenges in financing sustainable agricultural commodities, especially Brazilian soy and Indonesian palm oil, and to look at what can be learnt from existing practices that could be scaled up and replicated in other countries and different commodities. A space to share information about their current projects and identify potential collaboration was also provided to the participants.

This report summarizes the inputs from participants on challenges, opportunities and solutions related to:

1. Financing sustainable soy in the Cerrado
2. Financing models such as the Tropical Landscape Finance Facility
3. The role of South East Asian regional banks for financing sustainable palm oil
4. Blended finance for sustainable commodity production
5. Integration of deforestation risks in Environmental, Social & Governance (ESG) criteria
6. Fintech and risk scoring for Indonesian smallholders

### 1. Financing sustainable soy in the Cerrado

Initiatives such as the Statement of Support for the Cerrado Biome (SoS) or the Cerrado Working Group (Grupo de Trabalho do Cerrado - GTC) are key to prevent deforestation and land conversion in the Cerrado. However, while the number of commitments to these initiatives is increasing, they only cover 20% of soy production and remain focused on the demand side with farmers often not involved in the definition of solutions.

The opportunities and solutions GGP and the participants could work towards to facilitate financing of sustainable soy production in the Cerrado included: Engaging China in responsible sourcing, connecting the issue of deforestation caused by soy production to that of cattle production and to the global soy value chain, creating incentives such as performance pay for carbon emissions avoided for farmers to not convert their land, compensation schemes, green bonds, and business cases studies from SoS companies.

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<sup>1</sup> The Good Growth Partnership is a partnership funded by the Global Environment Facility, led by the United Nations Development Programme and implemented in collaboration with Conservation International, the International Finance Corporation, UN Environment and World Wildlife Fund. In partnership with the governments of Brazil, Indonesia, Liberia and Paraguay, as well as civil society and major private sector players, we aim to reduce deforestation and enable sustainable development three global commodity supply chains: soy, beef and palm oil – working across sustainable. More information is available at <http://goodgrowthpartnership.com/>.

## 2. Lessons from the Tropical Landscape Finance Facility (TLFF)

The TLFF offers a model that successfully finances sustainable agricultural production in Indonesia. Lessons learned from the first investment of this facility in relation to rubber are key to understand how it could be replicated in other commodities and countries and how it could accelerate the production of sustainable commodities globally. Challenges faced in the development of the TLFF included the long lead time to originate and close deals, the difficulty to find public capital to de-risk private finance, the reliance on public capital, the long-term engagement necessary from the partners of the Facility, the low tolerance for failure, and the issue of cost-recovery for organizations supporting the Facility.

Through the creation of the Facility, UN Environment, as a partner, learned that it was preferable to work with vertically integrated companies or with companies downstream in the supply chain that have made commitments around zero deforestation as they can engage more easily in long-term agreements. It also learned that the United Nations can play a key role as a facilitator and trust builder between the partners, and that it is key to have a monitoring system in place to capture impact, as well as an integrated financial model where all the risks are included in the assessment.

## 3. The role of South East Asian regional banks for financing sustainable palm oil

Many South East Asian banks still do not have robust lending policies to ensure that their clients produce and procure sustainable palm oil, and there is not yet a high level of disclosure around processes for monitoring clients' management of Environmental, Social & Governance (ESG) issues, nor portfolio-level ESG risk assessment.

However, more than 60% of global palm oil demand over the past two decades has been driven by just nine Asian countries, so this is particularly relevant to engage with banks from this region. Tools such as the WWF Sustainable Banking Assessment<sup>2</sup> ([SUSBA](https://susba.org/)) can provide solutions. Additionally, the implementation of effective governance frameworks, the development of clear policies and procedures for managing ESG risk, a higher integration of ESG risks in banks' financing decisions, the assessment and management of ESG risks at the portfolio level, a better alignment of banks' portfolios with relevant science-based standards and the development of blended finance vehicles through low-cost local currency loans are solutions that South East Asian banks could implement. Development organizations can play a key role in raising awareness about these issues and building banks' capacity. Additionally, conducting of a cost-benefit analysis on the integration of ESG risks for banks, and the potential pressure from multilaterals are solutions that could be explored.

## 4. Blended finance for sustainable commodity production

Blended finance<sup>3</sup> has the potential to financially support and enable sustainable production of agricultural commodities. However, this financial solution presents several challenges such as the

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<sup>2</sup> SUSBA is an interactive tool for banks to assess and benchmark their Corporate Governance (CG) and Environmental, Social, Governance integration performance to accelerate their efforts to stay competitive, resilient and relevant in a resource constrained, low carbon future. Source: <https://susba.org/>

<sup>3</sup> Blended finance is defined as « the strategic use of development finance for the mobilization of additional finance towards sustainable development in developing countries. Development finance is official development finance and private philanthropic funds. Additional finance refers to commercial finance, including public and

accessibility of blended finance by smallholders, the complexity and lack of data and transparency for impact measurement which is however essential to show results and receive additional support from funders, the identification of the right balance between public and private capital and the difficulty of scaling up existing working models.

The participants provided concrete solutions to overcome these challenges such as the provision of capacity building to smallholders to improve access to finance, and the measurement of specific environment and social data to facilitate impact assessments. The definition of a unified blended finance framework, the creation of business models and the provision of guarantees were identified as solutions to unlock private capital and to have more clarity on the targeted ratio that should be sought between private and public capital. Finally, scaling up blended finance could be supported through the creation of a platform facilitating communication between public and private actors, provision of more clarity around the criteria to receive finance, and additional work on enabling conditions.

## 5. Integration of deforestation risks in ESG criteria

The investment community often relies on the inclusion of ESG criteria in their investment decision-making processes to identify and manage potential environmental and social risks in their positions. To date, deforestation risks have either been ignored in ESG criteria or inappropriately factored in. Additionally, many challenges exist around integration of deforestation risks in ESG criteria, such as law enforcement, low consumer consciousness, difference between perceived and real risk towards deforestation from banks, and incoherent asks that banks can receive around managing data and risks.

The creation of business cases for producers, consumer goods companies and retailers to influence their practices as well as rules from the industry for banks to understand the real risks of deforestation would be part of the solution. Moreover, standards could play a role in developing a coherent ask to banks and companies on ESG risk, and incentives such as premium pricing could help lower barriers.

## 6. Fintech and risk scoring for Indonesian smallholders

One of the main reasons invoked by banks for not working with smallholders is their inability to accurately price the risk of lending, which causes them to offer uncompetitively high interest rates and conditions, pushing farmers to the informal market. While this problem is largely the result of a lack of information on farmers, it also highlights the technical and operational challenges banks face in trying to adapt risk models to a group significantly different from the population risk experts had in mind when they developed their tools and methodologies. To address this gap, financial institutions are now using advances in behavioral finance and the power of fintech to develop risk models capable of accurately estimating the credit risk of smallholders, with much less information than before.

While challenges around fintech such as its expansion to rural areas, its financing, and the issue of data ownership must be recognised, many opportunities are arising including the transformation of data into private products, and companies seem open to test fintech. Moreover, fintech could be a solution

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private sources, whose principal purpose is commercial rather than developmental (e.g. investment by public or privately-owned pension funds or insurance companies, banks, businesses, etc.)”

Source: Making Blended Finance Work for the Sustainable Development Goals, OECD, 2018. Available here: [https://read.oecd-ilibrary.org/development/making-blended-finance-work-for-the-sustainable-development-goals\\_9789264288768-en#page49](https://read.oecd-ilibrary.org/development/making-blended-finance-work-for-the-sustainable-development-goals_9789264288768-en#page49)

to facilitate smallholders' risk scoring. A combination of quantitative assessment and rigorous capacity building could offer an approach to increase the bankability of individual farmers and producer organizations. IFC is following this approach in the coffee and cocoa sectors in Africa and Asia. This approach, as described at [www.ameaglobal.org](http://www.ameaglobal.org), has been most successful with off-takers. To date, banks have not been willing to substitute assessment scores for their own due diligence process. The cost of assessment remains an important constraint, but Information and Communications Technology (ICT) solutions that reduce the need for field visits could bring down costs, and offer tools allowing the capture of real time data. Pre-guarantee contracts with smallholders, the development of a common language around professionalism of producer organizations through standards, and the aggregation of producer organizations were also mentioned as solutions that would facilitate smallholders' access to finance.

## 7. Conclusion

During the workshop, participants had the opportunity to connect with financial sector actors, producers and buyers, and to collectively identify opportunities and solutions to accelerate the financing of sustainable agricultural commodity production. This report summarizes the inputs gathered and will provide a basis for follow up on opportunities that have emerged during the workshop.

Globally, participants recognized the value of studying existing models to learn from them and expressed their wish to see more business cases and successful pilots on financing sustainable commodity production to identify how challenges were addressed and understand how these models could be scaled up and replicated.

The discussion around financing sustainable supply chains has evolved substantially in the past years, from philosophical questions about its importance, to its operationalization. This workshop was an illustration of this tendency, and participants recommended the organization of similar events with a more diverse group, including technology providers and fintech companies for example, to concretely discuss how solutions could be implemented.

The support that a partnership like GGP can provide to financial actors to help them accelerate the financing of sustainable agricultural commodity production was also acknowledged. Participants particularly recognized the value of receiving support from GGP on the organization and facilitation of multi-stakeholder discussions, the organization of collaborative innovation forums, and the facilitation of deal brokering.

# Report

## 1. Purpose of the workshop

The [Good Growth Partnership](#)<sup>4</sup> (GGP), a flagship initiative of the [Global Environment Facility](#) (GEF), convened funders of agricultural commodity supply chains, along with major producers and buyers, for a workshop to identify opportunities for scaling up finance for sustainable agricultural commodity production. A list of participants is included in the appendix.

The workshop, held in Geneva on February 6<sup>th</sup>, 2019, was an opportunity to discuss key challenges in financing sustainable agricultural commodities, especially Brazilian soy and Indonesian palm oil, and to look at what can be learnt from existing practices and could be scaled and replicated in other countries and different commodities. A space to share information about their current projects and identify potential collaboration was also provided to the participants.

The event questioned what the commodity ecosystem actors can do to address the challenges related to financing sustainable agricultural commodities, and what lessons can be learnt from financing palm oil and soy to apply to other commodities, by addressing the following questions:

- What are the key challenges and opportunities around financing sustainable soy in the Cerrado?
- What can we learn from the model of the Tropical Landscape Finance Facility?
- How can international financial institutions leverage South East Asian regional banks in the development of innovative sustainable finance products?
- How can we increase the scale and effectiveness of blended finance for sustainable agricultural value chain?
- How can deforestation risks be better integrated into investment decision making?
- How can we advance solutions to better tackle risk assessment and management for smallholders?

## 2. Scope of this report

Participants were asked to reflect on key challenges, opportunities and solutions around the questions listed above. Inputs were collected on cards during the workshop and written notes of the oral remarks were taken. In this report, we have attempted to categorize these ideas under challenges, and opportunities and solutions. We have included direct quotes from participants cards and also, in places, summarized the important key messages. As such, this report is not intended to be a comprehensive analysis of the issues or reflect the views of any one of the organizations present. It simply reflects the various perspectives of the participants at the event. The list of participants, the agenda of the workshop and a presentation of GGP are included in the appendix.

The following presentations made during the workshop are available [here](#).

- Overview of progress and key challenges in financing sustainable agricultural commodities – Ernest Bethe, IFC

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- Partnership for a Deforestation-free Cerrado – Raj Kundra, WWF US
- Tropical Landscapes Finance Facility: Lessons learned, challenges and looking into 2019 – Ivo Mulder, UN Environment
- Driving sustainability into core business practices: How international FIs can leverage regional banks in the development of innovative sustainable finance products – Lauren Lynch, WWF Singapore
- Environmental, Social & Governance (ESG) in FMO Operations – Pieterneel Boogaard, FMO
- Branchless banking solution for Cocoa farmers – Anne-Laure Asboth, Advans
- Risk scoring for smallholder farmers: lessons learned in the coffee and cocoa sectors – Dieter Fischer, IFC

3. Table presenting a summary of the key challenges, opportunities and solutions identified in the sessions of the workshop

Thematics	Challenges	Opportunities and solutions
<p><b>Financing sustainable soy in the Cerrado</b></p>	<ul style="list-style-type: none"> <li>• Hundreds of deforestation commitments made, however they only cover 20% of soy consumption.</li> <li>• How can we better involve farmers in the process? It is important to understand realities of farmers and to ensure that their perspective is taken into account.</li> </ul>	<ul style="list-style-type: none"> <li>• The Statement of Support for the Cerrado Biome (SoS) that has been signed by international brands &amp; retailers and the Cerrado Working Group (Grupo de Trabalho do Cerrado - GTC) are key initiatives preventing deforestation &amp; land conversion in the Cerrado biome in Brazil (21% of the country) driven by soy production. SoS gathers international purchasing companies, GTC the soy production industry.</li> <li>• Connect Brazil and China as China is the main buyer of soy in Brazil.</li> <li>• Important to have a broader approach, and not only focus on soy but also on cattle which is a driver of deforestation in the Cerrado – often farmers convert land for cattle as this is cheaper than soy, and then sell it for soy production.</li> <li>• Global value chain perspective: important to align globally at the same time to achieve carbon free soy in Brazil. Performance payment for carbon and compensation schemes for farmers.</li> <li>• Green bonds and business cases studies from the SoS companies.</li> <li>• Incentives are needed, including: compensation schemes for the lost opportunity cost of not cutting down the forests which they are legally entitled to and cheap money etc. But also, public sector incentives like tax breaks, guarantee schemes etc.</li> </ul>



		<ul style="list-style-type: none"> <li>• Engagement by GGP members in critical elements of the framework amongst private actors (companies, producers, etc.) given the potential of a biome wide solution for soy.</li> </ul>
<p><b>Lessons from the Tropical Landscape Finance Facility (TLFF)</b></p>	<ul style="list-style-type: none"> <li>• Origination and closing of deals take a long time and can be challenging.</li> <li>• Lack of public capital to de-risk private finance.</li> <li>• Need to focus on reducing public capital reliance over time.</li> <li>• Issue of cost recovery for organizations involved.</li> <li>• Issue of long-term engagement, especially in declining markets.</li> <li>• The tolerance for failure seems pretty low.</li> <li>• Tendency of splitting farms among family members is a challenge as this increases the difficulty of closing deals because there are more parties.</li> </ul>	<ul style="list-style-type: none"> <li>• In the TLFF model, Michelin partly “owns” the concession (by being a shareholder of the Royal Lestari Utama<sup>5</sup> and is therefore ‘vertically’ integrated in the supply chain). This goes beyond “off take” and into upstream ownership and has proven to be a successful model as companies that are vertically integrated could be more susceptible to go into long-term offtake agreements.</li> <li>• In addition, companies downstream in the supply chain that have made commitments around zero deforestation should take their responsibility and engage more easily into long-term offtake agreements.</li> <li>• Key role of United Nations to facilitate government engagement, bringing the wider coalition of partners (e.g. BNP Paribas, ADM Capital, ICRAF and others) together, open doors to potential public donors and contribute to environmental and social impact framework development as well as stimulating the fund manager (ADM Capital) that a monitoring and evaluation system will be in place.</li> <li>• It is key to have an integrated financial model where all the risks (social etc.) are included, and to conduct analysis in the field to capture ESG impact.</li> <li>• It is essential to take the time to build trust in order to create a well-run partnership that is geared towards financing sustainable land use.</li> <li>• Credit risk, credit history, size, etc. are all key elements to increase the deal pipeline.</li> </ul>

<sup>5</sup> The Royal Lestari Utama (“RLU”) is an Indonesian joint venture between France’s Groupe Michelin (49%) and Indonesia’s PT Barito Pacific (51%) for sustainable natural rubber plantations in Jambi, Sumatra and East Kalimantan provinces. Source: <http://tlffindonesia.org/rlu-transaction/>

**The role of South East Asian regional banks for financing sustainable palm oil**

- South East Asian banks play a leading role in funding companies across the palm oil value chain in Indonesia and Malaysia, yet many still do not have robust lending policies to ensure that their clients produce and procure sustainable palm oil.
- There is not yet a high level of disclosure around processes for monitoring clients' management of ESG issues, nor portfolio-level ESG risk assessment.
- More than 60% of global palm oil demand over the past two decades has been driven by just nine Asian countries. This makes the region's banks a critical lever with which we must engage in order to enhance the sector's sustainability.
- In 2018, WWF released the results of its second annual Sustainable Banking Assessment ([SUSBA](#)). The assessment looked at public disclosures of thirty-four South East Asian banks in six countries across six pillars of responsible banking – purpose, policies, processes, people, products, and portfolio. The full results of the assessment can be found [here](#).
- Key ways in which South East Asian banks can fulfill their potential include:
  - Implementing effective governance frameworks to ensure board and senior management accountability for the management of material ESG risks
  - Developing clear policies and procedures for managing ESG risk, and
  - Assessing and managing ESG risks at the portfolio level and improving the alignment of their portfolios with relevant science-based standards.
- South East Asian banks could develop more stringent lending requirements related to palm oil sustainability.
- South East Asian banks could integrate ESG more deeply into their financing decisions and develop financial products (e.g. green bonds) which would offer new investment opportunities for international investors.
- By providing low-cost local currency loans, South East Asian banks can play an important role in the development of blended finance vehicles.

		<ul style="list-style-type: none"> <li>• It is critical that we continue raising awareness of ESG issues and building banks capacity to manage these risks. After this baseline capacity has been built, we could be effectively engaging on specific issues e.g. deforestation in palm oil supply chain, etc.</li> <li>• One avenue through which we could potentially get regulatory authorities to be more supportive of these efforts would be to conduct a cost-benefit analysis for getting banks up to speed on ESG (costs e.g. potential loss of clients; benefits e.g. risks avoided).</li> <li>• Is there a potential role for multilaterals to add pressure to this space?</li> </ul>
<p><b>Blended finance<sup>6</sup> for sustainable commodity production</b></p>	<p><b>Accessibility for smallholders</b></p> <ul style="list-style-type: none"> <li>• Money is available but local banks are facing regulatory issues and risks, governments are not well engaged in the process and lot of actors are involved in the smallholders' system (NGO, donors etc.).</li> <li>• The poor market approach is increasing risks of the system.</li> <li>• Lots of projects are not involving the whole value chain: lot of silos operations, donors giving money to farmers, off-taker supporting farmers but not including downstream.</li> </ul> <p><b>How can we measure impact to justify public investment?</b></p>	<p><b>Accessibility for smallholders</b></p> <ul style="list-style-type: none"> <li>• Value chain approach: upstream/downstream working together: need to identify the platforms who can connect the dots.</li> <li>• Capacity building needed: example of Rabobank Foundation offering training to farmers before funding them.</li> <li>• Need to improve the way we document and share information to develop business cases.</li> </ul> <p><b>How can we measure impact to justify public investment?</b></p>

<sup>6</sup> Blended finance is defined as « the strategic use of development finance for the mobilization of additional finance towards sustainable development in developing countries. Development finance is official development finance and private philanthropic funds. Additional finance refers to commercial finance, including public and private sources, whose principal purpose is commercial rather than developmental (e.g. investment by public or privately-owned pension funds or insurance companies, banks, businesses, etc.)”

Source: Making Blended Finance Work for the Sustainable Development Goals, OECD, 2018. Available here: [https://read.oecd-ilibrary.org/development/making-blended-finance-work-for-the-sustainable-development-goals\\_9789264288768-en#page49](https://read.oecd-ilibrary.org/development/making-blended-finance-work-for-the-sustainable-development-goals_9789264288768-en#page49)

	<ul style="list-style-type: none"> <li>• Lack of data and transparency.</li> <li>• Measurement of environmental and social impact: which impacts do we want to measure?</li> <li>• Cost to measure impacts</li> </ul> <p><b>Role of blended finance to genuinely transform the agricultural sector: How much public finance should be blended with private capital? How can we support it?</b></p> <ul style="list-style-type: none"> <li>• Sustainability of blended finance: when it stops, we need to ensure that the sustainability model does not stop and that a real transformation can stay even without blended finance.</li> <li>• Leveraging money from the private and public sectors for landscape programme: it is hard to identify the good ratio between public and private finance in a development project and to get the local banking industry more involved (whereas the liquidity is there).</li> </ul> <p><b>How can we scale up blended finance?</b></p> <ul style="list-style-type: none"> <li>• Public and private sectors speak different languages.</li> <li>• Some projects are ready but need de-risking.</li> <li>• Some blended finance facilities exist but are not always accessible because of the barriers to entry (e.g. many criteria need to be respected to receive funding).</li> <li>• Large number of stakeholders involved.</li> <li>• Lack of clarity around funding available.</li> </ul>	<ul style="list-style-type: none"> <li>• Remote sensing could be used to measure environmental impact.</li> <li>• Tracking houses where people are living (generally mainly funded by public finance).</li> <li>• Measurement of impact on the social side: farmers' incomes → some private companies are interested in doing it.</li> </ul> <p><b>Role of blended finance to genuinely transform the agricultural sector: How much public finance should be blended with private capital? How can we support it?</b></p> <ul style="list-style-type: none"> <li>• Need to define a unified framework that could be used by all the sector, and to equip governments and donors with this methodology and tools.</li> <li>• Securing guarantees as a means to move away from typical blended finance could help to unlock private capital.</li> <li>• Need to have more clarity on business models → this is something UN agencies, NGOs, the private and finance sectors could work on together.</li> </ul> <p><b>How can we scale up blended finance?</b></p> <ul style="list-style-type: none"> <li>• Having a blended finance facility to help communication between public/private sectors. Facilitation of multi stakeholder processes.</li> <li>• Work on the enabling conditions.</li> <li>• Blended finance providers should be more transparent and clearer around their criteria.</li> </ul>
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<p><b>Integration of deforestation risks in ESG criteria</b></p>	<ul style="list-style-type: none"> <li>• Role of government: How do you ensure law enforcement? (illegal logging, poaching etc.)</li> <li>• Role of consumer goods/retailers: Consumer goods companies respond best to consumer demands. In many developing economies consumer consciousness is low around sustainability in general. Building such consciousness takes time and contextual understanding.</li> <li>• Role of banks: they have responsibility to retailers, clients, etc. and therefore need to safeguard their money. When new standards like certification emerge, there is sometimes a perceived vs real risk towards deforestation.</li> <li>• Standards can help to define a coherent ask to banks but a narrow definition of standards such as mandating certification is not feasible since it's too resource intensive.</li> </ul>	<ul style="list-style-type: none"> <li>• Creating incentives for producers and building business cases showing evidence that producers will economically benefit from moving towards deforestation-free production.</li> <li>• Having credible business cases to influence consumer goods/retailers.</li> <li>• Banks need rules from industry to understand perception of the risk towards deforestation vs reality.</li> <li>• Beyond managing risk banks have a role to play in the provision of products that can have impact. The financial institutions still need to ensure that everyone has similar requirements. Blended finance will help address some of these issues. We also need coherent asks around managing data/risks, e.g.: asking for the right data. Standards can play a role in developing a coherent ask to banks and companies on ESG risk.</li> <li>• Incentives such as premium pricing will help lower barriers. Finance sector can also have products for farmers under favourable conditions.</li> </ul>
<p><b>Fintech and risk scoring for Indonesian smallholders</b></p>	<p><b>Application of Fintech</b></p> <ul style="list-style-type: none"> <li>• Fintech is for the moment mostly implemented in cities and not yet in rural areas.</li> <li>• Financing fintech: public money will probably not support it, development of fintech would more likely be led by entrepreneurs</li> <li>• Need for clear guidelines about data ownership, as smallholder data becomes more valuable.</li> </ul> <p><b>Operations: Delivery of the various services to smallholders</b></p> <ul style="list-style-type: none"> <li>• High transaction costs for both assessment and capacity building of smallholders.</li> </ul>	<p><b>Application of Fintech</b></p> <ul style="list-style-type: none"> <li>• Capture data to turn it into private/valuable product</li> <li>• Companies are open to test fintech</li> <li>• Input side: more pro-active on developing solutions than output side</li> </ul> <p><b>Operations: Delivery of the various services to smallholders</b></p> <ul style="list-style-type: none"> <li>• Fintech</li> </ul>

	<ul style="list-style-type: none"> <li>• Lack of aggregation, with only about 10% of smallholders in organized groups globally.</li> <li>• Absorption capacity due to low literacy, farm size and productivity levels.</li> <li>• Use of the loan - how can we track it?</li> <li>• Cost of gathering data, especially when field staff are needed to collect data or train farmers.</li> </ul>	<ul style="list-style-type: none"> <li>• Value chain finance (Louis Dreyfus Company: cotton pre-financing smallholders) and contracts as pre-guarantees.</li> <li>• Role of non-government stakeholders and voluntary standards.</li> <li>• Aggregation by producer organizations or Small and Medium Enterprises for risk sharing.</li> <li>• Development of a common language around professionalism of producer organizations through the development of an ISO standard. See <a href="http://www.iso.org/standard/75808.html">www.iso.org/standard/75808.html</a></li> <li>• Segmentation of value chains, to identify the most bankable groups.</li> <li>• Remote sensing to collect real time data on productivity.</li> </ul>
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## 4. Conclusion

During the workshop, participants had the opportunity to connect with financial actors, producers and buyers, and to collectively identify opportunities and solutions to accelerate the financing of sustainable agricultural commodity production. This report has summarized the inputs gathered and should provide a basis for follow up on opportunities that have emerged during the workshop.

Globally, participants recognized the value of studying existing models to learn from them and expressed their wish to see more business cases and successful pilots on financing sustainable commodity production to identify how challenges were addressed and understand how these models could be scaled up and replicated.

The discussion around financing sustainable supply chains has substantially evolved in the past years, from philosophical questions about its importance, to on the ground operationalization. This workshop was an illustration of this tendency, and participants recommended the organization of similar events with a more diverse group, including technology providers and fintech companies for example, to concretely discuss how solutions could be implemented.

The support that a partnership like GGP can provide to financial actors to help them accelerate the financing of sustainable agricultural commodity production was also acknowledged. Participants particularly recognized the value of receiving support from GGP on the organization and facilitation of multi-stakeholder discussions, the organization of collaborative innovation forums, and the facilitation of deal brokering.

## 5. Appendix

### List of participants

Anne-Laure Asboth	Business Development Manager	Advans
Ana Yaluff	Sustainability Manager Europe, Oilseeds	Archer Daniels Midland
Sylvain Taboni	Company Engagement Program Officer	BNP Paribas
Nick Martell-Bundock	Senior Director of Corporate Responsibility and Sustainable Development	Cargill
Amanda Sennert	Director of Multilateral Relations	Conservation International
Jessica Furmanski	Director of Sustainable Food and Agriculture	Conservation International
Fred Werneck	Co-Founder	Clarmondial
Wei Peng	Head of Sustainability	COFCO
Michiel Hendriksz	Founder	FarmStrong
Pieterneel Boogaard	Director (a.i.), Agribusiness	FMO
Paul Hartman	Senior Environmental Specialist	GEF
Helen Bellfield	Director of Programmes	Global Canopy
Dieter Fischer	Lead Agribusiness Advisor Latin America and the Caribbean	IFC
Ernest Bethe	Regional Leader	IFC
Kristin Komives	Director of Impacts	ISEAL Alliance
Vidya Rangan	Senior Impacts Manager	ISEAL Alliance
Cristina Hastings-Newsome	Global Sustainability/Business Transformation	Louis Dreyfus Company
Guy Hogge	Global Head - Sustainability	Louis Dreyfus Company
Virginie Mahin	Global Social Sustainability & Human Rights Lead	Mondelez
Adrien Henry	Co-Director	Moringa Fund
Grant Cochrane	CEO	Oritain
Terry Green	Director - Climate, Environment and Natural Resources Practice	Partnership for Forests
Abraham Baffoe	Regional Director of Africa	Proforest
Nadia Goodman	Principal Project Manager	Proforest
Pedro Amaral	Senior Project Manager	Proforest
Hans Loth	Global programme manager, AGR13	Rabobank
Michael Schlup	Chief Operating Officer	SailVentures/&Green
Gisela Roth	Private Sector Division	SECO
Juliet Blum	Scientific Advisor	SECO
Martina Locher	Programme Manager of Private Sector Development	SECO
Roberto Alonso Vega Alfaro	Global Value Chain Strategic Engagement Head	Syngenta
Alexis Arthur	Climate and Forests team, Support to Governors' Climate and Forest Task Force	UNDP
Aline da Silva	Management and Communications Support	UNDP
Andrew Bovarnick	Head of Green Commodities Programme	UNDP
Charles O'Malley	Green Commodities Programme Senior Partnerships Advisor	UNDP

Marcos Neto	Director, Istanbul International Center for Private Sector in Development	UNDP
Pascal Fabie	Green Commodities Programme Senior Advisor for Learning and Impact	UNDP
Pascale Bonzom	Good Growth Partnership Global Project Manager	UNDP
Ivo Mulder	Finance and Private Sector Coordinator, Terrestrial Ecosystem Unit	UN Environment
Makiko Ashida	Environmental and Social Finance Specialist	UN Environment
Yi Kui Felix Tin	Intern, Sustainable Land Use Finance Team	UN Environment
Jonathan Gheysens	REDD+ and Sustainable Land Use Programme Officer	UN Environment Finance Initiative
Lara Yacob	Co-Manager of Good Growth Partnership Transactions project and ESG Integration Expert	UN Environment Finance Initiative
Emily Grady	Manager, Food Reform for Sustainability and Health	WBCSD
Matthew Reddy	Director, Climate Smart Agriculture and the Soft Commodities Forum	WBCSD
Edegar Oliveira	Head of Food and Agriculture Programme	WWF Brazil
Aditya Bayunanda	Director, Policy, Sustainability, and Transformation	WWF Indonesia
Niki Nofari	Sustainable Retailers Coordinator	WWF Indonesia
Lauren Lynch	Sustainable Finance Engagement Manager	WWF Singapore
Elizabeth Schueler	Senior Director, Markets	WWF US
Margaret Arbutnot	Demand Project Manager for the Good Growth Partnership	WWF US
Owen Hauck	Commodity Supply Chains Economist	WWF US
Raj Kundra	Vice President of International Finance	WWF US



## Agenda

09:00	Arrivals	
09:15	Welcome and agenda overview	Andrew Bovarnick / Charlie O'Malley
09:20	An overview of progress and key challenges in financing sustainable agricultural commodities	Ernest Bethe
09:40	Financing sustainable soy in the Cerrado.	Raj Kundera
10:30	Break	
10:50	Lessons from the Tropical Finance Facility	Ivo Mulder
11:40	Breakout sessions: <ul style="list-style-type: none"> <li>• Mainstreaming sustainability in regional banks</li> <li>• Blended finance</li> </ul>	<ul style="list-style-type: none"> <li>• Lauren Lynch</li> <li>• Charles O'Malley</li> </ul>
13:00	Lunch	
14:00	Collaboration marketplace	Charles O'Malley
14:30	Breakout sessions: <ul style="list-style-type: none"> <li>• ESG integration of forest-related risks</li> <li>• Risk scoring Indonesian smallholders</li> </ul>	<ul style="list-style-type: none"> <li>• Pieterneel Boogaard / Lara Yacob</li> <li>• Anne-Laure Asboth / Jonathan Gheysens/ Dieter Fischer</li> </ul>
15:50	Break	
16:10	Conclusions	Charles O'Malley
16:30	Close	

### About the Good Growth Partnership

The Good Growth Partnership is a partnership funded by the Global Environment Facility, led by the United Nations Development Programme and implemented in collaboration with Conservation International, the International Finance Corporation, UN Environment and World Wildlife Fund. In partnership with the governments of Brazil, Indonesia, Liberia and Paraguay, as well as civil society and major private sector players, we aim to reduce deforestation and enable sustainable development three global commodity supply chains: soy, beef and palm oil – working across sustainable.