Early Warning System

FMO-61442

Responsability Climate-Smart Agriculture & Food Systems Funds

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Quick Facts

Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	A
Voting Date	2023-03-24
Borrower	Climate-Smart Agriculture & Food Fund (the Fund)
Investment Type(s)	Fund
Investment Amount (USD)	$ 14.00 million
Loan Amount (USD)	$ 14.00 million

Project Description

The customer in this project is FMO, a financial institution. They are funding the recently launched Climate-Smart Agriculture & Food Fund (the Fund), which is a debt fund targeting food systems transformation. The Fund aims to provide long-term expansion debt to innovative businesses operating in the food value chain in Asia Pacific, Latin America, and Africa. The goal is to mitigate climate change, reduce food loss, and promote climate change resilience among smallholder farmers. FMO has subscribed up to USD 25 million committed facility to the fund with senior class shares.

The funding objective is to support Agri SMEs (small and medium-sized enterprises) in tackling the challenges of climate change and increased demand for food. The Fund's strategy focuses on sustainable intensification of production, value adding and efficient processing and logistics, sustainable and inclusive retail and food brands, and climate technology and solutions providers. FMO funds this investment because there is a lack of long-term financing for Agri SMEs in this sector, and through this financing, FMO can indirectly reach these SMEs and the underlying smallholders. This investment aligns with FMO's goals of reducing inequalities and promoting green labels.

In terms of environmental and social categorization, the Fund falls under the 'Private Equity risk category A' due to its broad agricultural sector focus and global mandate. The expected E&S risks are linked to risk management, labor, resource efficiency, community, and biodiversity. The investment house responsible for the Fund has a strong E&S management system in place that aligns with FMO's requirements and international standards.

Investment Description

- Netherlands Development Finance Company (FMO)

FMO’s client is the recently launched Climate-Smart Agriculture & Food Fund (the Fund), A USD 200mln close-ended debt fund targeting food systems transformation. FMO has subscribed up to USD 25 mln committed facility to the fund with senior class shares. In which, USD 21.5 mln was subscribed in the second closing, and the balance of up to USD 3.5 remains to be subscribed in the third closing.

Contact Information

Project contacts not provided at the time of disclosure.

ACCESS TO INFORMATION

As part of FMO's ex-ante disclosure (disclosure of transactions before contracting), you can send requests or questions for additional information to: disclosure@fmo.nl

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW). A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism