



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**

25 – 28 March 2026

Songdo, Incheon, Republic of Korea

Provisional agenda item 10

**GCF/B.44/02/Add.17**

4 March 2026

---

# Consideration of funding proposals – Addendum XVII

## Funding proposal package for FP301

---

### Summary

This addendum contains the following seven parts:

- a) A funding proposal summary titled “Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project)” submitted by Sustainable Investment Management Limited;
- b) No-objection letter(s) issued by the national designated authority(ies) or focal point(s);
- c) Environmental and Social report(s) disclosure;
- d) Secretariat’s assessment of the Project-specific Assessment Approach (PSAA) Applicant;
- e) Independent Technical Advisory Panel’s assessment;
- f) Response from the accredited entity to the independent Technical Advisory Panel’s assessment; and
- g) Gender documentation of the funding proposal.

*This document is prepared and transmitted for consideration by the GCF Board at a Board meeting. It is published on the GCF public website in that context, which does not imply a presumed outcome. Decisions taken in relation to this document and updates to it, if any, will be made publicly available in accordance with applicable GCF policies.*

## Table of Content

Funding proposal submitted by the accredited entity	3
No-objection letter(s) issued by the national designated authority(ies) or focal point(s)	55
Environmental and Social report(s) disclosure	57
Secretariat's assessment of the Project-specific Assessment Approach (PSAA) Applicant	59
Independent Technical Advisory Panel's assessment	72
Response from the accredited entity to the independent Technical Advisory Panel's assessment	83
Gender documentation	95

**Disclaimer:**

*The designations and the presentation of the materials used in this document, including their respective citations, maps and references, have been included by the relevant Accredited Entity and do not imply the expression of any opinion whatsoever on the part of the Green Climate Fund concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. Also, the boundaries and names shown, and the designations used in this document have been included by the relevant Accredited Entity and do not imply official endorsement or acceptance by the Green Climate Fund.*

*Pursuant to the Comprehensive Information Disclosure Policy of the Fund, the funding proposal is being circulated on a limited distribution basis only to Board Members and Alternate Board Members to ensure confidentiality of certain proprietary, legally privileged or commercially sensitive information of the entity.*

# Funding Proposal

Project/Programme title:	Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project)
Country(ies):	Brazil
Accredited Entity:	Sustainable Investment Management Limited
Date of first submission:	2025/09/19
Date of current submission	2026/03/02
Version number	V.010



GREEN  
CLIMATE  
FUND

## Contents

Section A	<b>PROJECT / PROGRAMME SUMMARY</b>
Section B	<b>PROJECT / PROGRAMME INFORMATION</b>
Section C	<b>FINANCING INFORMATION</b>
Section D	<b>EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA</b>
Section E	<b>LOGICAL FRAMEWORK</b>
Section F	<b>RISK ASSESSMENT AND MANAGEMENT</b>
Section G	<b>GCF POLICIES AND STANDARDS</b>
Section H	<b>ANNEXES</b>

### *Note to Accredited Entities on the use of the funding proposal template*

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the [GCF Information Disclosure Policy](#), project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

**Please submit the completed proposal to:**

[fundingproposal@gcfund.org](mailto:fundingproposal@gcfund.org)

**Please use the following name convention for the file name:**

“FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]”

A. PROJECT/PROGRAMME SUMMARY							
<b>A.1. Project or programme</b>	Programme	<b>A.2. Public or private sector</b>	Private				
<b>A.3. Request for Proposals (RFP)</b>	<p>If the funding proposal is being submitted in response to a specific GCF <a href="#">Request for Proposals</a>, indicate which RFP it is targeted for. Please note that there is a separate template for the Simplified Approval Process and REDD+.</p> <p><u>Not applicable</u></p>						
<b>A.4. Result area(s)</b>	<p>Check the applicable <a href="#">GCF result area(s)</a> that the <i>overall</i> proposed project/programme targets below. For each checked result area(s), indicate the estimated percentage of <b>GCF and Co-financers' contribution</b> devoted to it. The total of the percentages when summed should be 100% for GCF and Co-financers' contribution respectively.</p>						
		<b>GCF contribution</b>	<b>Co-financers' contribution<sup>1</sup></b>				
	<b>Mitigation total</b>	100 %	100 %				
	<input type="checkbox"/> Energy generation and access	<u>Enter number</u> %	<u>Enter number</u> %				
	<input type="checkbox"/> Low-emission transport	<u>Enter number</u> %	<u>Enter number</u> %				
	<input type="checkbox"/> Buildings, cities, industries and appliances	<u>Enter number</u> %	<u>Enter number</u> %				
	<input checked="" type="checkbox"/> Forestry and land use	100 %	100 %				
	<b>Adaptation total</b>	Enter number	Enter number				
	<input type="checkbox"/> Most vulnerable people and communities	<u>Enter number</u> %	<u>Enter number</u> %				
	<input type="checkbox"/> Health and well-being, and food and water security	Enter number	Enter number				
<input type="checkbox"/> Infrastructure and built environment	<u>Enter number</u> %	<u>Enter number</u> %					
<input type="checkbox"/> Ecosystems and ecosystem services	<u>Enter number</u> %	<u>Enter number</u> %					
<b>A.5. Expected mitigation outcome</b>  <i>(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)</i>	<p>25,580,079 tCO<sub>2</sub>eq</p> <p><i>Indicate greenhouse gas (GHG) emission reductions or removals in tCO<sub>2</sub>eq over total lifespan of the project/programme<sup>2</sup></i></p>	<b>A.6. Expected adaptation outcome</b>  <i>(Core indicator 2: direct and indirect beneficiaries reached)</i>	<p><i>Indicate total number of direct and indirect beneficiaries</i></p> <table border="1"> <tr> <td><i>Indicate number of direct beneficiaries</i></td> <td><i>Indicate number of indirect beneficiaries</i></td> </tr> <tr> <td><i>Indicate % of direct beneficiaries vis-à-vis total population</i></td> <td><i>Indicate % of indirect beneficiaries vis-à-vis total population</i></td> </tr> </table>	<i>Indicate number of direct beneficiaries</i>	<i>Indicate number of indirect beneficiaries</i>	<i>Indicate % of direct beneficiaries vis-à-vis total population</i>	<i>Indicate % of indirect beneficiaries vis-à-vis total population</i>
<i>Indicate number of direct beneficiaries</i>	<i>Indicate number of indirect beneficiaries</i>						
<i>Indicate % of direct beneficiaries vis-à-vis total population</i>	<i>Indicate % of indirect beneficiaries vis-à-vis total population</i>						
<b>A.7. Total financing (GCF + co-finance<sup>3</sup>)</b>	___ USD 425,000,000	<b>A.9. Project size</b>	Large (Over USD 250 million)				
<b>A.8. Total GCF funding requested</b>	<p>USD 85,000,000</p> <p><i>For multi-country proposals, please fill out annex 17.</i></p>						

<sup>1</sup> Co-financer's contribution means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF contribution (i.e. GCF financial resources requested by the Accredited Entity) to implement the project or programme described in the funding proposal.

<sup>2</sup> The total lifespan of the project/programme is defined as the maximum number of years over which the outcomes of the investment are expected to be effective. This is different from the project/programme implementation period.

<sup>3</sup> Refer to the Policy of Co-financing of the GCF.

<p><b>A.10. Financial instrument(s) requested for the GCF funding</b></p>	<p>Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8.</p> <p> <input type="checkbox"/> Grant <u>Enter number</u> <input type="checkbox"/> Equity <u>Enter number</u>  <input checked="" type="checkbox"/> Loan 85,000,000           <input type="checkbox"/> Results-based payment <u>Enter number</u>  <input type="checkbox"/> Guarantee <u>Enter number</u> </p>		
<p><b>A.11. Implementation period</b></p>	<p>12 years</p> <p>The implementation period starts from the effective date of the funded activity agreement (FAA) until the completion date. The completion date is the last day of the implementation period and is the date on which all the project's components and activities set out in the logical framework shall be fully implemented and completed.</p>	<p><b>A.12. Total lifespan</b></p>	<p>Indicate the maximum number of years over which the outcomes of the investment are expected to be effective, i.e. to lead to adaptation and/or mitigation results.</p> <p>20 years</p>
<p><b>A.13. Expected date of AE internal approval</b></p>	<p>This is the date that the Accredited Entity obtained/will obtain its own approval to implement the project/programme, if available.</p> <p>4/15/2026</p>	<p><b>A.14. ESS category</b></p>	<p>Refer to the AE's safeguard policy and <a href="#">GCF ESS Standards</a> to assess your FP category.</p> <p>I-2</p>
<p><b>A.15. Has this FP been submitted as a CN before?</b></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>	<p><b>A.16. Has Readiness or PPF support been used to prepare this FP?</b></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p><b>A.17. Is this FP included in the entity work programme?</b></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	<p><b>A.18. Is this FP included in the country programme?</b></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p><b>A.19. Complementarity and coherence</b></p>	<p>Does the project/programme complement other climate finance funding (e.g. GEF, AF, CIF, etc.)? If yes, please elaborate in section B.1.</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>		

**A.20. Executing Entity information**

Sustainable Investment Management Limited (SIM, or SIM UK) will be the Accredited Entity for the project under the Project Specific Assessment Approach (PSAA) modality.

SIM will also act as an Executing Entity. SIM is a limited company registered in the UK.

Other Executing Entities:

SIM General Partnership (SIM GP) – to be incorporated in Luxembourg as a Limited Company (S.a.r.l), having SIM as the sole shareholder. SIM will act as the General Partner of the RCF Impact Fund. The Fund will be managed with the support of a duly authorized AIFM and professional officers and directors to be provided by a regulated Luxembourg fund administration company (to be hired).

AIFM (to be selected and hired): a dully-authorized fund administrator and financial services provider in Luxembourg.

SIM - Assessoria em Investimentos Sustentaveis Ltda (SIM Brazil). A limited company registered in Brazil. SIM Brazil will be responsible for coordinating the development, implementation and management of the Operational Vehicles to be invested in Brazil.

Opea Securitizadora SA (Opea). A stock corporation incorporated in Brazil. Opea will be responsible for structuring and administrating the Operational Vehicles to be invested in Brazil.

Co-Investment Vehicles (the “Sub-Funds”, to be incorporated) – To be established in Luxembourg as a LP/GP structure (under the legal form of a SCSp), according with a Limited Partnership Agreement (LPA) to be entered into by the RCF Impact Fund, as Limited Partner and SIM GP as GP. . Will be capitalized by the RCF Impact Fund and co-investors and channel the funds to the Operational Vehicles in Brazil.

## A.21. Executive summary (max. 750 words, approximately 1.5 pages)

### Climate Change Problem

Brazil's Cerrado, a species-rich tropical savanna, is under severe threat from agricultural expansion, particularly soy cultivation. Soy farmland has grown from 13 to 44 million hectares between 2000 and 2023, making Brazil the largest global producer.

This expansion is a leading driver of deforestation and land conversion, contributing substantially to Brazil's greenhouse gas (GHG) emissions — with agriculture and land-use change together accounting for over 60% of national emissions.

More than half of the Cerrado's native vegetation has already been cleared, leading to biodiversity loss, degraded water systems, and increased vulnerability of farmers to climate risks such as droughts, heatwaves, and shifting rainfall patterns.

Current regulations, including the Forest Code, are insufficiently enforced and farmers lack economic incentives to prevent both legal and illegal deforestation.

### Proposed Interventions

**Sustainable Investment Management Limited (SIM)** is seeking to raise USD 425 million for the RCF-DCF Project, which aims to address avoided deforestation for agriculture in the soy sector within the Cerrado by protecting existing forests and native vegetation. The RCF-DCF Project will consist of (a) a 12-year, closed-ended, Luxembourg-based RCF Impact Fund totalling USD 100 million and (b) intermediate, co-investment vehicles established in Luxembourg (the **Luxembourg Co-Investment Vehicles**, or simply **Sub-Funds**) totalling USD 340 million, which will in turn invest in three-to-four year operational vehicles: Certificados de Recebíveis do Agronegócio (CRAs), which are a securitization transaction used to finance Brazilian agribusiness. CRAs can be classed as 'green' when the proceeds are used for environmentally sustainable activities.

The RCF Impact Fund (SCSp SICAV-RAIF) will be a reserved alternative investment fund (fonds d'investissement alternatif réservé (RAIF)) or established under the form of a investment company with variable capital (société d'investissement à capital variable (SICAV)). The fund will be organised as a special limited partnership (Société en Commandite Spéciale (SCSp)). It will be governed by the RAIF Law, which qualifies as an alternative investment fund (AIF) within the meaning of the Alternative Investment Fund Managers Directive (AIFMD). SIM, the accredited entity, will establish SIM GP S.à r.l., which will be incorporated in Luxembourg as a private limited company and a wholly owned subsidiary of SIM, to act as the General Partner (GP) and manager of the RCF Impact Fund. An external AIFM will be appointed to comply with the Alternative Investment Fund Managers Directive (AIFMD).

Luxembourg-based Co-Investment Vehicles, or Sub-Funds, will serve as pass-through conduits to raise co-financing and carry out the investment instructions of the GP by investing in a single CRA.

Under the proposed project, CRAs will be backed by a pool of secured, one-year certificates of agricultural production (Cédula de Produto Rural (CPR)), a type of loan widely used in the agribusiness sector in Brazil.

CPRs will be for crop finance for farmers which commit to deforestation- and conversion-free (DCF) soy production. They will be secured against the soy to be produced for a value corresponding to a minimum 115% of the full amount due by the farmer at maturity. Offtake agreements for the delivery of soy at harvest entered into between the farmers and the traders—which typically are leading agribusinesses—are assigned to the CRA for direct receipt of payments from the traders. CRAs will have a single-tranche capital structure, and risk allocation will be achieved at the level of the Sub-Funds, which will issue senior

notes, mezzanine notes (e.g., junior notes or preferred equity shares), and receive equity contributions from the RCF Impact Fund (as limited partner to the Co-Investment Vehicle).

The RCF Impact Fund, as well as several other prospective co-financiers from both the public and private sectors, will be investing with limited partner equity contributions in the Sub-Funds, while the rest of the senior and mezzanine notes are expected to be subscribed by other co-financiers. GCF's catalytic, junior equity position will de-risk the overall structure and enable mobilization at scale.

Each CRA is expected to have an average target size of USD 100 million and to include a minimum of 40 (average, 80) economic or farmer groups, with each economic group consisting of an average of five farmers. Each CRA will therefore support at least 200 (average, 400) farmers. At a portfolio size of USD 425 million, an average of four CRAs are expected to be outstanding, supporting a minimum of 800 (or, on average, 2,000) farmers, with approximately 200 CPRs outstanding on average, noting that each CPR supports a single economic group. Target farmers typically exhibit a medium-sized profile. Medium-sized farms account for around 50 per cent of the total soybean cultivation area.

### **Climate Results/Benefits**

The RCF-DCF Project contributes to the mitigation results area on "Forestry and land use". Over the lifetime of the fund, the expected mitigation impact is approximately 25 million tCO<sub>2</sub>e in Brazil. For details on the mitigation impact methodology..

The RCF-DCF Project will also protect 379,949 hectares of Cerrado native vegetation, including 45,232 hectares beyond legal requirements, and deliver environmental and social co-benefits, including improved ecosystem management and biodiversity conservation, and improved knowledge of farmers about gender equality.

## B. PROJECT/PROGRAMME INFORMATION

### B.1. Climate context (max. 1000 words, approximately 2 pages)

1. Brazil accounts for 3.1% of global emissions and is the 7th largest emitter. Emissions from both land use change and forestry (LUCF) and agriculture are significantly higher in Brazil than the global average. After a decline in emissions in the decades from 1990 to 2011, GHG emissions resumed their upwards trajectory in the period 2011-2021. Tables 1 and 2 illustrates the contribution that the agriculture and LUCF sectors make to the country's GHG emissions profile.

Table 1. Brazil Agriculture and LUCF GHG emissions profile compared to global emissions<sup>4</sup>

Country	Total emissions (MtCO <sub>2</sub> e) 2021	Agriculture emissions (MtCO <sub>2</sub> e) 2021 (% of total)	LUCF emissions ((MtCO <sub>2</sub> e) 2021 (% of total)
Global	49,600	5,860 (12%)	1,340 (2.7%)
Brazil	1,530	533 (35%)	395 (26%)

Table 2. GHG emission profile of Brazil (2021)

Total GHG emissions (Million tCO <sub>2</sub> e)	Contribution to GHG emissions (Million tCO <sub>2</sub> e)					Brief description of the baseline context
	Energy	Industry	Agriculture	LUCF	Waste	
1,530 (100%)	494.20 (32%)	36.55 (2.4%)	533.46 (35%)	395.06 (26%)	72.24 (4.7%)	Emissions from both agriculture and land use change and forestry (LUCF) dominate GHG emissions. Brazil's energy generation is dominated by low-carbon sources, with hydropower supplying nearly half of its electricity and wind and solar power providing over a third.

2. The GHG emissions from agriculture and land use change and forestry are intrinsically linked, with emissions associated with the clearance of forest and other native vegetation for conversion to agriculture.
3. The Brazilian agricultural sector utilises ca. 97mi ha, of which cultivation of soy represents just under half of the total area (44 mi ha). This makes the country the largest producer of soy worldwide, producing almost 152 million tonnes in 2023. Soy is Brazil's second largest export, accounting for 14% of total exports in 2021 and generating annual revenues of almost USD 48 billion. Soybeans have been key to Brazil's rise as a leading agricultural exporter and the overall development of the sector in the country.
4. Growing demand for soy is resulting in a continuous expansion of the area under cultivation. Between 2000 and 2023 the area of land under soybean in Brazil increased from 13 to 44 mi ha. Most of this land-use change has taken place in a species rich tropical savanna known as the Cerrado<sup>5</sup>. The Cerrado now produces over 55% of Brazil's soybeans, with yields above the national average. It also produces 76% of the country's cotton, 31% of corn, 18% of rice, and 22% of beans.

<sup>4</sup> [https://www.climatewatchdata.org/countries/BRA?end\\_year=2021&start\\_year=1990#ghg-emissions](https://www.climatewatchdata.org/countries/BRA?end_year=2021&start_year=1990#ghg-emissions)

<sup>5</sup> Gibbs, Holly K., et al. "Brazil's soy moratorium." Science 347.6220 (2015): 377-378.

5. In 2022, net emissions from the Cerrado totalled 396 Mt CO<sub>2</sub>e, with 77% coming from land use and agriculture. This consisted of 97.5 Mt CO<sub>2</sub>e net emissions from land-use and 69 Mt CO<sub>2</sub>e net emissions from agricultural production<sup>6</sup>.
6. Land use emissions are caused by conversion of native vegetation to agriculture. More than 50% of the native vegetation in the Cerrado has now been cleared and over the last decade in the Matopiba region (states of Maranhão, Tocantins, Piauí, and Bahia), 0.5–0.8 Mha of soy has been planted on recently converted land each year<sup>7</sup>. Research by Trase<sup>8</sup> shows that across Brazil, soy plantations expanded most in the Cerrado and in 2022 were associated with 375,000 ha of deforestation and conversion. In comparison, 117,000 ha of deforestation was associated with soy production in the Amazon in the same year.
7. Around 70 per cent of the remaining native vegetation is on private property, and therefore any scalable and permanent solutions to deforestation with lasting change require understanding farmer interests and provision of adequate financial incentives. This is in stark contrast to the Amazon rainforest, where 21.5 per cent of the total area is on private property. Currently, not only is there no financial compensation for the ecosystem services this native vegetation provides, it is also undervalued in the region, and therefore it is in the economic interest of farmers to benefit from agricultural expansion and improving the land value through converting native vegetation to cropland. According to The Nature Conservancy (TNC), land value can increase by six times through land conversion.
8. Currently the main approach to avoiding emissions in the Cerrado is the Brazilian Forest Code. This legislation mandates native vegetation preservation of 20% (increasing to 35% for areas within the Legal Amazon designation) of land on rural properties in the Cerrado. However this means that up to 80% of native vegetation can be cleared on a farm, making the legislation unable to reduce carbon emissions sufficiently.
9. Reversing this trend by incentivizing the protection of native vegetation is key to reduce carbon emissions and reduce negative environmental impacts (including biodiversity loss and reduced availability and quality of water). This is the purpose of the Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project).
10. The RCF-DCF Project will provide financial incentives to around 1000 farms that commit to deforestation and conversion-free soy production. The farms will have native vegetation in excess of Forest Code requirements.
11. The proposed activities have the potential to transform land use change in the Cerrado by incentivising business models which include both native vegetation conservation and soy production. Emissions will be avoided because farmers will not convert the native vegetation on their land to soy production because they will be compensated for the opportunity costs through the financial incentives.
12. The proposed project leads to nearly 1 million ha under sustainable production, protecting 379,949 ha of native vegetation, 45,343 ha in excess of legal requirements. By incentivising farmers to avoid clearing native vegetation on soy farms, the project will result in avoided GHG emissions of

<sup>6</sup> Sistema de Estimativas de Emissões e Remoções de Gases de Efeito Estufa (SEEG), Emissions Brazil, 2023, <https://plataforma.seeg.eco.br/territorio/cerrado>.

<sup>7</sup> Ermgassen, Erasmus KHJ, et al. (2020) "Using supply chain data to monitor zero deforestation commitments: an assessment of progress in the Brazilian soy sector." *Environmental Research Letters* 15.3 (2020): 035003.

<sup>8</sup> Pereira, O., & Bernasconi, P. (2025). Brazilian soy exports and deforestation. Trase. <https://doi.org/10.48650/Q48G-MJ07>

25,580,079 tCO<sub>2</sub>e. Table 3 provides an overview of the emissions drivers associated with soy production and the mitigation measures the RCF-DCF Project will employ as a solution.

*Table 3. Brazil GHG emissions drivers and mitigation measures associated with soy production*

Sectors	Emissions drivers	Baseline	Mitigation measure/ response	Expected Impact and result
Forestry and land use	Deforestation and degradation in the Cerrado region	<p>Increased global demand has caused soy cultivation in Brazil to double over the past 20 years, with 20% of this expansion involving the conversion of natural forests (Zalles et al., 2018).</p> <p>Approximately 30% of the loss of natural vegetation in Brazil's Cerrado region is attributed to soy production (Rausch et al., 2018). Up to 80% of private land is legally allowed to be deforested in the Cerrado.</p> <p>Soy moratorium in the Amazon has led to leakage in the Cerrado.</p>	<p>Introduction of financing instrument (Green CRA) with restrictive covenants, requiring farmers to preserve native vegetation on a portion of their private cropland.</p> <p>Promotion of industry traceability standards.</p>	<p>Reduced legal and illegal deforestation and conversion of native vegetation, leading to preservation of the existing carbon stock and further carbon sequestration benefits from native vegetation.</p> <p>Environmental co-benefits such as biodiversity preservation, better temperature moderation, water retention, and prevention of soil erosion.</p>

13. In an ideal low-carbon scenario, lenders, farmers, and buyers would collaborate to eliminate illegal deforestation in soy production and increase efforts to curb legal deforestation. Lenders would offer "green CRAs" linked to environmental performance, while farmers comply with the Forest Code and buyers pay premiums for sustainably produced soy. However, this is not the current situation due to significant barriers, as highlighted in Table 4.

*Table 4. Barriers to DCF Soybean production and proposed interventions through the RCF Impact Fund*

Barrier	Description of barrier	Proposed interventions
<b>Financial Barrier</b>	International investors are reluctant to invest in Brazilian investment vehicles such as CRAs due to the country's sovereign risk rating and the perceived/actual risk of investment in the agricultural sector.	The RCF-DCF Project will issue CRAs in foreign currency (USD) and offer a junior tranche that helps to de-risk senior investors.
<b>Financial Barrier</b>	Green CRA loans are considered expensive due to high origination costs and the farmers' demand for financial incentives to commit to zero deforestation.	The RCF-DCF Project will initially blend in concessional and commercial finance to achieve minimum efficient size and improve economies of scale in origination. Once the programme reaches economies of scale, there will be a reduced need for concessional capital.

<b>Policy/ Regulatory Barrier</b>	Limited government ability to enforce Brazil's Forest Code and impose fines for non-compliance.	The RCF-DCF Project establishes market-based financial and contractual incentives to eliminate deforestation on soy producing lands, leading to improved compliance with the Brazil Forest Code.
<b>Market Barrier</b>	Commodities produced without deforestation do not earn sufficient price premium to justify changing production practices.	The RCF-DCF Project will increase the relative profitability of deforestation free production by offering participating farmers more attractive credit terms that lower the cost of production. This replaces the need for a premium.
<b>Market Barrier</b>	In spite of the GHG emission reductions created by the RCF-DCF Project activities, these environmental services cannot be monetised via carbon markets due to methodological restrictions and timeframes.	The RCF-DCF Project was designed not to depend on carbon markets for its economic viability to work and any GHG benefits created accrues solely to the national GHG inventories.

14. The GHG emissions contributions of the LUCF and agriculture sectors, and their reduction, are addressed in various strategies and plans of the Brazilian government. The proposed project helps to meet the objective of reducing these emissions in the following ways:

#### **Commitments and priorities under the Nationally Determined Contributions (NDC)**

15. Brazil's NDC aims to reduce its GHG emissions by 59 to 67% compared to 2005 levels by 2035. Recognising the importance of reducing deforestation in achieving this, the Brazilian NDC states that the country intends to adopt measures to “foresee coordinated and continuous efforts to achieve zero deforestation, by eliminating illegal deforestation and compensating for the legal suppression of native vegetation and the greenhouse gas emissions resulting from it. This will require not only strengthening and deepening existing command and control measures, but also instituting positive economic incentives for maintaining forests on private rural properties.” The RCF-DCF Project will do exactly this by providing financial incentives to soy farmers to not deforest or convert native vegetation on their farms. The proposed project will help Brazil to reduce its GHG emissions through avoided emissions from avoided deforestation and conversion of Cerrado habitat.

#### **Brazilian Forest Code**

16. The RCF Impact Fund will help to strengthen command and control measures by requiring participating farmers to be in compliance with the Brazilian Forest Code. The Brazilian Forest Code is a Brazilian federal law, was originally established in 1965 and updated in 2012. It requires landowners to establish areas of permanent protection with native vegetation which are deemed essential for ecosystem services and a legal reserve which is a proportion of the property that should be maintained permanently as native vegetation to ensure the conservation of natural habitats at the landscape level. The legal reserve requirement is set at 80% for Amazonian properties, rural properties in the Cerrado are only required to maintain a legal reserve of 20%, or 35% if the property is in the area of the Cerrado that is within the ‘legal Amazon’ defined under the Forest Code. The Amazon Soy Moratorium (ASM), a sectoral agreement under which commodity traders in the soy supply chains avoid sourcing areas with deforestation after 2008, has further helped to reduce the overall deforestation rates in the Amazon but resulted in leakage of deforestation to the Cerrado. This, combined with the lower legal reserve requirements has led to continued rates of land use change in the Cerrado. Reversing this

trend and preserving the Cerrado biome can lead to low-emission and climate-resilient pathways in soybean landscapes.

### **Commitments and priorities under the National Adaptation Plan**

17. The purpose of the Brazilian government's National Adaptation Plan is to guide initiatives for management and reduction of long-term climate risks. Within the plan, the strategy for agriculture states that "the farm sector has responsibilities toward reducing its greenhouse-gas emissions and deforestation pressures." The RCF Impact Fund aligns with this because it will help to reduce deforestation pressures through low interest credit lines to farms that commit to DCF soy production.

### **Mitigation of GHG emissions calculations**

18. Verra Verified Carbon Standard modules have been used to establish the baseline scenario (no RCF-DCF Project) and the project scenario (RCF-DCF Project GHG emissions in order to calculate the GHG emissions that will be mitigated by the project. Module VMD0006 Estimation of Baseline Carbon Stock Changes and Greenhouse Gas Emissions from Planned Deforestation/Forest Degradation and Planned Wetland Degradation, version 1.4 was used to calculate the baseline, with minor modifications to recognise that the Cerrado is a wooded savanna habitat. Carbon stock values for Cerrado vegetation types were taken from Brazil's National Forest Reference Emission Level for Results-based Payments for REDD+ under the United Nations Framework Convention on Climate Change. Project emissions were calculated using the module VMD0015 Methods for Monitoring of GHG Emissions and Removals in REDD and CIW Projects (M-REDD) v2.2. The area of native vegetation protected by the RCF-DCF Project, and the vegetation types it is located in, is estimated in these calculations. Data on the financed farms will be used after implementation to calculate more precise values of mitigated GHG emissions of the project. Current estimations are that the project will result in avoided GHG emissions of 25,580,079 tCO<sub>2</sub>e. Further details can be found in Annex 22.
19. There are various other projects working on sustainable soy production in the Cerrado that are complementary to the RCF-DCF Project.
20. Produce, Conserve and Include (PCI)<sup>9</sup> is a state-level jurisdictional strategy launched in 2015 by the Brazilian state of Mato Grosso with the goals of supporting the expansion and increase in the efficiency of agricultural and timber production, the conservation of native vegetation, and the restoration of environmental liabilities in line with the Brazilian Forest Code. It also aims to foster family farming and traditional communities, while reducing GHG emissions and enabling carbon sequestration, by controlling deforestation and developing a low-carbon economy. PCI is a public-private governance coalition that coordinate investments, policies, and monitoring to achieve its goals. PCI creates an enabling policy and governance environment for projects like the RCF Impact Fund, which in turn will support PCI because it can provide crop finance to PCI aligned farmers (eligibility criteria are similar).
21. Farmer First Clusters (FFC) is an initiative aiming to address systemic drivers of deforestation and land conversion in soy supply chains in the Brazilian Cerrado by aligning market incentives with sustainable land-use practices<sup>10</sup>. It is funded by the Soft Commodities Forum (SCF), a collaboration of five major multinational agribusinesses (ADM, Bunge, Cargill, COFCO International and Louis Dreyfus Company), and is hosted by the World Business Council for Sustainable Development (WBCSD).

<sup>9</sup> <https://pcimt.org/en/>

<sup>10</sup> UNEP WCMC. 2025. Environmental and social impact framework development. Case Study: Farmer First Clusters. <https://kpi-directory.production.wordpress-linode.linode.unep-wcmc.org/content/uploads/2025/09/Environmental-and-social-impact-framework-development-Case-Study-Farmer-First-Clusters.pdf>

22. FFC is implemented by local partners in SCF's priority landscapes in the Cerrado. Tailored support is offered to match the diverse needs of farmers and includes: payment for protection of surplus legal reserve; restoration of native vegetation in degraded land; technical support on sustainable production and Forest Code compliance; support for farmers to apply integrated crop-livestock farming systems combined with either ESG monitoring, access to sustainable finance and capacity building; or incentives to expand soy over degraded pastureland. This project is complementary to the RCF Impact Fund because it is also working towards sustainable soy production in the Cerrado. However, currently only USD 2.4 million has been invested in the initiative, with a further USD 1.9 million committed for 2026 which makes its landscape impact much smaller than both the current RCF Pilot (USD 60 million) and the proposed expansion to become the RCF-DCF Project (USD 425 million in size).
23. REVERTE® is a joint initiative by Syngenta Group and The Nature Conservancy that helps farmers recover degraded pastures so production can intensify on existing land rather than expanding into native vegetation in the Cerrado<sup>11</sup>. It aims to enable farmers to make the investment needed to bring degraded pastureland back into cultivation, together with the inputs and guidance that are needed to guarantee the investment's pay back. In the first phase, 31,400 ha of degraded pastureland will be recovered using resources from the line of credit, with loans of a seven year or ten-year tenor. REVERTE® is complementary to the RCF-DCF Project because it is increasing the area of soy production without clearing native vegetation. Using degraded pastures means that soy production can increase without clearing native vegetation on existing soy farms.
24. The RCF-DCF Project is also aligned with the European Union Deforestation Regulation (EUDR) which will prohibit the import of a number of commodities, including soy, if they have been sourced from land which was deforested or degraded after 31 December 2020. The deforestation cut-off date for the RCF-DCF Project is currently before that of the EUDR (1<sup>st</sup> January 2020) but may be changed to align in the future. While the implementation of the EUDR has been delayed, it is expected to commence during the timeframe of the RCF-DCF Project. It is important to note that the Cerrado does not fall within the EUDR definition of forests and so does not come under the scope of the regulation. However, by aligning with the EUDR rules, RCF-DCF Project financed farms will continue to be eligible for EU imports should the Cerrado be included in the future.

**B.2 (a). Theory of change narrative and diagram (max. 1500 words, approximately 3 pages plus diagram)**

25. The Theory of Change for the RCF-DCF Project describes the causal linkages between the proposed activities as described above, the expected results and the ultimate climate-related goals of the programme. The theory of change is reflected in the programme's logical framework, presented in Section E of the funding proposal.
26. The goal statement for the programme's Theory of Change reads as follows: "IF the RCF-DCF Project introduces customised credit lines to finance deforestation and conversion-free soy production, THEN agri-commodity production in Brazil will be transformed to contribute to national GHG emission reduction targets, BECAUSE farmers will have a commercially viable business model that aligns incentives between agricultural production and landscape protection."
27. The theory of change for the project shifts the paradigm of soy production in Brazil's Cerrado from a model that takes a zero-sum approach to soy production versus forest protection, in favour of a model where soy farmers are incentivized to protect and enhance forests and native vegetation on their land and use methods which support agricultural productivity alongside ecosystem health and climate change resilience. In a business-as-usual scenario, gains in one land use (e.g., agricultural expansion

<sup>11</sup> <https://www.nature.org/en-us/about-us/where-we-work/latin-america/brazil/stories-in-brazil/restoring-degraded-landscapes-in-the-cerrado>

for soy) are treated as losses for another (e.g., keeping forests standing). Traditional financing reinforces this binary, treating forest protection as a cost and soy expansion as a profit centre. To change this equation, the RCF-DCF Project tries to financially level the playing field between the two by effectively paying for the conservation of native vegetation on a farm through low interest crop finance for the soy production.

28. The main project activities are:

- Scale up the RCF Pilot investment facility through the establishment of a new investment vehicle: the RCF Impact Fund
- Fundraise private and public investment
- Identify investment pipeline
- Deploy capital to farmers that commit to deforestation and conversion-free soy production on the farm and sustainable farm management
- Conduct independent verification of fund impacts

29. These activities will lead to outputs:

- RCF Impact Fund is operational and has raised capital for the Co-Investment Vehicles
- Capital deployed to farmers engaged in DCF soy production
- RCF-DCF Project impacts monitored and verified to ensure transparency and drive replication of environmentally focused lending.

30. These outputs will combine to support two transformational outcomes and one co-benefit:

- **Outcome 1** - Increased private sector finance for deforestation and conversion-free soy production business models
- **Outcome 2** - Reduced GHG emissions through the protection of native vegetation on private agricultural lands
- **Co-benefit 1** - Improved ecosystem management and biodiversity
- **Co-benefit 2** - Improved knowledge of farmers of the need for gender equality and SEAH prevention of SEAH, and women's participation in the soybean value chain strengthened.

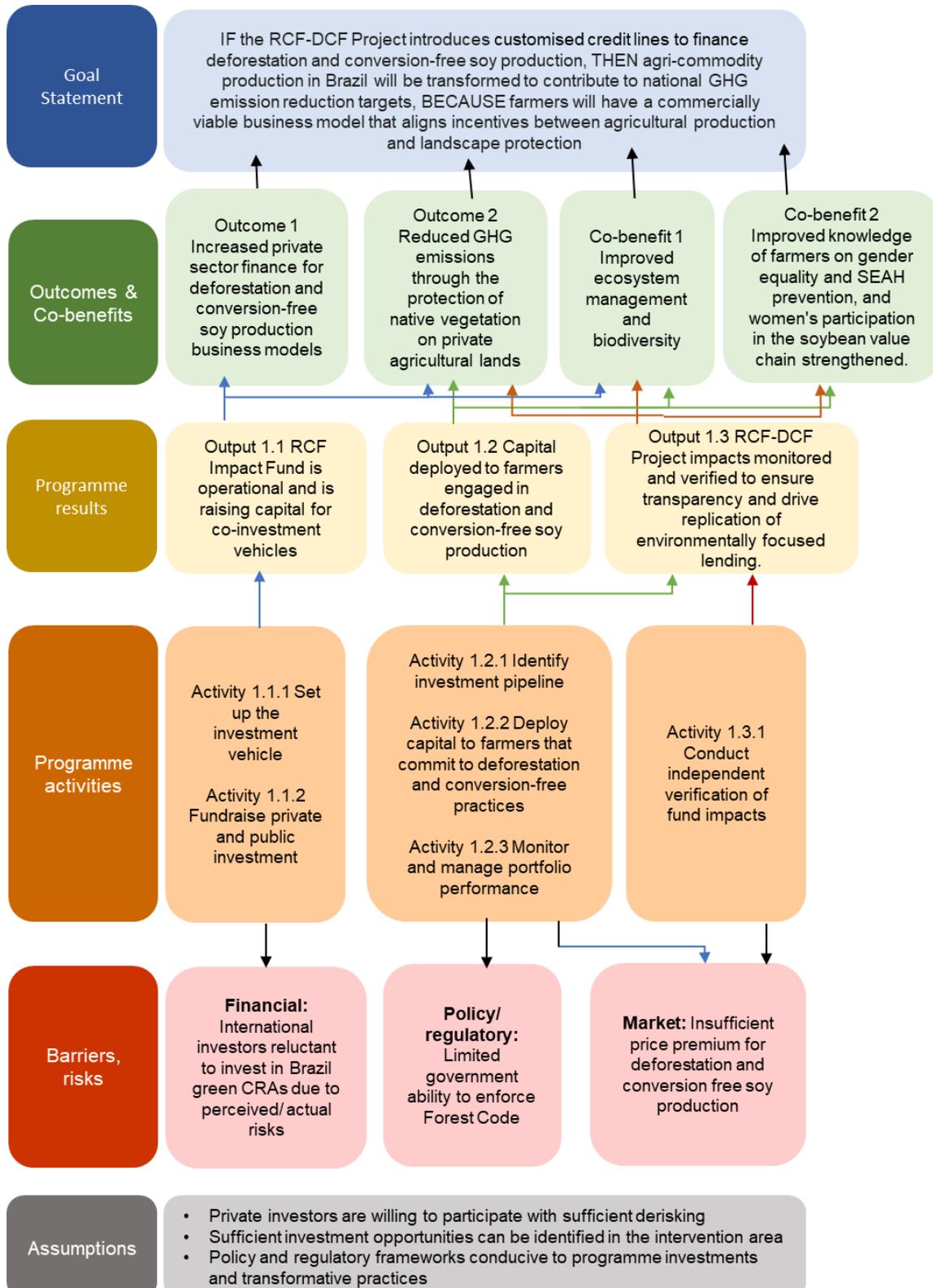
31. Outcome 1 will demonstrate the RCF-DCF Project's impact on the agri-business finance market's business-as-usual. By proving the concept of incentivizing deforestation and conversion-free soy production, the RCF-DCF Project will influence others to develop similar and/or complementary initiatives. This in turn will increase the amount of private sector finance for this type of business model. The RCF Pilot is a pioneer in this type of finance in the soy sector of Brazil and has already played an important role, which the RCF-DCF Project will build on. While the development of other initiatives cannot be fully attributed to the RCF Pilot, there has already been a growing trend in the development of similar initiatives. For example, Innovative Finance for the Amazon, Cerrado and Chaco (IFACC) is in the process of creating the Catalytic Capital for Agricultural Transition Fund to increase the amount of de-risking finance available for initiatives similar to the RCF-DCF Project. In addition commercial banks such as Rabobank, Santander and Itau are increasing becoming involved in green finance (both through the RCF Pilot and other initiatives). Finally, the Brazilian government has developed Eco Invest, which will provide credit lines to attract necessary external private investments for the ecological transformation of the country.

32. The theory of change identifies multiple barriers to preventing legal deforestation and conversion of native vegetation and to preventing the transition to regenerative agriculture. These barriers are (1) investor reluctance to invest in Brazil agricultural investment instruments (CRAs) due to perceived and actual risks; (2) the inability to halt deforestation solely via legislation; and (3) the lack of financial incentives for farmers to preserve forests and native vegetation.

33. The Theory of Change rests upon several assumptions, briefly described below:

- Private investors are willing to participate with sufficient derisking
- Sufficient investment opportunities can be identified in the intervention area
- Policy and regulatory frameworks conducive to programme investments and transformative practices.

Figure 1. RCF-DCF Project Theory of Change



**B.2 (b). Outcome mapping to GCF results areas and co-benefit categorization**

Fill in the GCF results area table below to map each project/programme outcome identified in section B.2(a) to the contributing GCF results area(s) by referring to the description of eight results areas provided in the guidance note.

Outcome number	GCF Mitigation Results Area (MRA 1-4)				GCF Adaptation Results Area (ARA 1-4)			
	MRA 1 Energy generation and access	MRA 2 Low-emission transport	MRA 3 Building, cities, industries, appliances	MRA 4 Forestry and land use	ARA 1 Most vulnerable people and communities	ARA 2 Health, well-being, food and water security	ARA 3 Infrastructure and built environment	ARA 4 Ecosystems and ecosystem services
Outcome 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outcome 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outcome 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outcome 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outcome ...	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outcome ...	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If any co-benefits have been identified in section B.2(a), fill in the Co-benefit table below to map each co-benefit to the corresponding category as defined in the FP guidance note.

Co-benefit number	Co-benefit					
	Environmental	Social	Economic	Gender	Adaptation	Mitigation
Co-benefit 1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Co-benefit 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Co-benefit ...	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Co-benefit ...	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**B.3. Project/programme description (max. 2500 words, approximately 5 pages)**

34. The RCF-DCF Project will overcome the previously described barriers to reducing deforestation in soy production in the Cerrado. The project will build on the achievements and lessons learned from the USD 11 million RCF Pilot, which the Accredited Entity launched in 2022 with investment from three commercial supermarket chains in the United Kingdom, Sainsbury's, Tesco, and Waitrose, as well as support from international cocoa and chocolate product manufacturer Barry Callebaut and Good Energies Foundation. The original RCF Pilot targeted 36 farmers producing approximately 75k tonnes of soy per year. In its fourth year, the RCF Pilot has grown to USD 60 million under management, with additional investment of UK Government Mobilising Finance for Forests in the junior tranche, commercial bank Rabobank and DFI Inter-American Development Bank on a senior tranche, and impact fund Agri3 on a mezzanine tranche, resulting in much larger environmental impacts. SIM is now planning a significant scale up of the fund to reach economies of scale and inflict impact at a landscape level.
35. The RCF-DCF Project will offer finance on attractive terms to outweigh the opportunity cost of not clearing remaining forest and native vegetation for soy production. This programme will serve as a model that can be adopted by local lenders, who traditionally do not include zero-deforestation covenants in their credit offerings. The transition to sustainable farm management and regenerative

agriculture practices will be encouraged and appropriate financial incentives will be created during the course of the project.

36. The proposed project is structured around three activity sets, focused on (1) establishing the RCF Impact Fund, (2) identifying the investment pipeline and (3) conducting independent verification and sharing results with relevant stakeholders. GCF support will provide de-risking to help crowd-in private and public investment and help the fund operate at an efficient scale to accelerate climate action.

#### **Output 1.1: RCF Impact Fund is operational and is raising capital for Co-Investment Vehicles**

37. The first output of the proposed project entails the establishment and operationalization of the RCF Impact Fund and associated Co-Investment Vehicles. The RCF Impact Fund will be managed by Sustainable Investment Management Limited (SIM) and leverage the experience and track record of SIM's principals.
38. Output 1.1 will be delivered through the following activities:
- Activity 1.1.1 Set up the RCF Impact Fund (Executing Entity – SIM, SIM GP, Lux AIFM)
39. GCF Funds will be invested in a Luxembourg vehicle (the RCF Impact Fund). The RCF Impact Fund is the vehicle that will channel the GCF Funds to the underlying Co-Investment Vehicles. The RCF Impact Fund will be established as a LP/GP structure (under the legal form of a SCSp), according with a Limited Partnership Agreement (LPA) to be entered into by SIM UK, as Limited Partner and SIM GP as GP.
- Activity 1.1.2 Fundraise private and public investment (Executing Entity – SIM, SIM GP, LUX AIFM, Co-Investment Vehicles)
40. The USD 85 M loan from GCF will be used to leverage co-financing in intermediary vehicles (the Co-Investment Vehicles) that the RCF Impact Fund will invest in. The RCF Impact Fund will invest in equity tranches (catalytic capital) of the Co-Investment Vehicles, which in turn will be co-invested by mezzanine and senior co-financiers, which will include impact investors (typically consumer goods companies concerned with the impacts of soy deforestation on their supply chains, and institutional investors such as commercial banks and pension funds). The Co-Investment Vehicles will in turn subscribe the CRAs to be issued in Brazil.
41. A full explanation of how a CRA works in practice can be found in Sections 6 and 7 of Annex Feasibility Study

#### **Output 1.2 Capital deployed to farmers engaged in deforestation and conversion-free soy production**

42. The activities contributing to Output 1.2 will see investor capital deployed to farmers engaged in deforestation and conversion-free soy production. Specific activities are:
- Activity 1.2.1 Identify investment pipeline (Executing Entities – SIM and SIM Brazil)
43. SIM will use the credit analyst Traive and connections with portfolio aggregators (banks that finance the agribusiness, trading companies, input providers, and soy cooperatives that engage with pools of farmers) to source soy farmers which meet the eligibility criteria of the RCF-DCF Project. Female-owned farms will be prioritized for finance, providing that they meet the eligibility criteria.
- Activity 1.2.2 Deploy capital to farmers that commit to DCF practices (Executing Entities: SIM Brazil, Opea)

44. Concessional capital will be deployed to farmers that meet the eligibility criteria through a Cédula de Produto Rural (Certificate of Agricultural Production, CPR), a type of promissory note widely used to document agrobusiness credit transactions in Brazil.
45. The CPR will include clauses requiring compliance with Brazilian legislation relating to gender equality and Sexual Exploitation, Abuse and Harassment (SEAH) risks in order to promote gender inclusive production models. Non-compliance will lead to expulsion from the project and the administration of a fine.
- Activity 1.2.3 Monitor and manage portfolio performance (Executing Entities –SIM Brazil)
46. During the crop season, farms will be continuously monitored for crop development and deforestation and land conversion. Farms and farmers will also be monitored for infractions of other environmental legislation associated with their tax ID.
47. The RCF-DCF Project will engage commercial soy farmers in the Cerrado who have forest and native vegetation on their lands in excess of legal reserves, and who commit to preserving this resource. To meet both GHG mitigation and financial performance objectives, the RCF-DCF Project Fund will target farmers whose operations comply with both: (i) the rules established by Brazil's Rural Credit Manual, in particular its Chapter 2, Section 9, which classify restrictions on access to rural credit due to social, environmental and climate issues, and (ii) fulfil the following investment environmental criteria (the "RCF-DCF Environmental Eligibility Criteria"):
- The cultivation area of the property must have been cleared of native vegetation before 1 January 2020;
  - No conversion of additional areas of native vegetation is allowed (in the property) during the term of the Facility;
  - The Protection-Production Ratio (PPR) of the portfolio of properties financed must be at least:
    - 1) 40% in Cerrado areas inside the Legal Amazon, and
    - 2) 25% in Cerrado areas outside the Legal Amazon;
  - The property must be registered with the Cadastro Ambiental Rural (CAR);
  - The property must not overlap with conservation units, indigenous reservations and community lands (including quilombos);
  - The property must contain and maintain an area of native vegetation equivalent to those required for Legal Reserve and Areas of Permanent Protection (APPs) determined by the Forest Code or be engaged in a Programme of Environmental Regularization (PRA) established by the state environmental agency;
  - Farmers must have unquestionable rights to use the Property, be it as land title or land lease agreement;
  - Farmers must demonstrate that the property does not contravene any environmental or legal requirements, such as:
    - i) Environmental embargoes,
    - ii) Labour legislation (including slave labour, child labour, gender equality and SEAH risks), and
    - iii) National and internationally accepted rules for the use of agrochemicals (at the RCF farm level), taking into account the provisions in the Brazilian Taxonomy of Sustainability.
  - The farmer passes the required credit checks.

- The farmer must adopt technologies from the ABC+ Plan, such as No Till System (SPD) and begin the transition to biological alternatives to synthetic pesticides including integrated pest, disease, and weed management techniques.
48. The unquestionable right to use the Property is verified cross-checking: (i) the notarial deeds of ownership (certidao da matricula do imóvel); (ii) the Land Management System of the National Institute for Colonization and Agrarian Reform (SIGEF/INCRA); and (iii) the CAR registry. In addition, a background check is made to assess if the owner of the land (and the candidate producer, in case of leased areas) are mentioned in any public investigation, reports or news related to land-grabbing issues. Other forms of legal tenure, such as documented “posse”, will not be eligible for the project.
49. To improve gender equality in the soy sector, priority will be given to female-owned farms which meet the eligibility criteria.
50. The investment process will typically include the following steps:
- Initial identification and screening
  - Investment due diligence
  - Negotiation, disbursement and monitoring
  - Repayment and exit
51. Farmers will receive working capital loans covering a single growing season, with a loan tenor of a maximum of one year. The proceeds are used for agricultural inputs such as seeds and agrichemicals. The average deal sizes for producers who meet the RCF-DCF Project investment criteria is around USD 2 million, with an expected portfolio reaching around 100 farming groups (usually with 10 individual farms) at its peak.
52. Over the course the project, farmers will be encouraged to adopt sustainable management practices included in the ABC+ Plan such as no tillage, irrigation systems, substitution of pesticides by integrated pest management and bioinputs alongside soil fertility practices, incentives for the use of non-GMO seeds, reducing dependence on broad-spectrum herbicides and promoting genetic and productive diversification. It is important to raise the requirements expected of farmers gradually so they have the time to make the adaptations. SIM will also monitor the adoption of these practices and additional financial incentives may be required to assist the adoption of these practices beyond the current requirements of the RCF-DCF Project.

**Output 1.3 RCF-DCF Project impacts monitored and verified to ensure transparency and drive replication of environmentally focused lending.**

53. The RCF-DCF Project is intended to serve as a model that drives a sustained increase in capital available for deforestation and conversion-free agricultural production in the Brazilian Cerrado and wider Brazil. Investors require certainty that the project is achieving its promised sustainability objectives. Independent verification of the project’s impacts will increase transparency and ensure a continued flow of green investment into the sector. Meanwhile, SIM will share results, models and lessons learned with traditional lenders in Brazil’s agri-commodity sector to drive long-term adoption and replication of environmentally-focused lending.
54. Output 1.3 will be delivered via the following activity:
- Activity 1.3.1 Conduct independent verification of fund impacts (Executing Entities: SIM, SIM Brazil and Opea)
55. Monitoring reports will be made available to an independent verification company to review and assess compliance with the eligibility criteria and the environmental performance of the project. Results of the RCF-DCF Project will be shared publicly through the publication of annual reports. Lessons learned documents will be created and shared.

## Overcoming barriers

56. The proposed project will overcome the barriers to DCF soy production in the Cerrado in the following ways. The first barrier is the inability to halt deforestation solely via legislation. The Brazilian Forest Code requires rural properties in the Cerrado to maintain a legal reserve (area of native vegetation) of 20%, or 35% if the property is in the area of the Cerrado that is within the Legal Amazon. However, more than 75% of rural properties in Brazil do not fully comply with the requirements of the Forest Code<sup>12</sup>. The RCF-DCF Project aims to emulate the environmental impact of full compliance with the Forest Code in terms of placing areas of native vegetation under protection. The project then goes beyond legislation to also prevent legal deforestation through the incentive of low interest credit lines. This overcomes the barrier of a lack of incentives for farmers to preserve forests and native vegetation. The final barrier is investor reluctance to invest in Green CRAs due to perceived and actual risks. GCF support will provide de-risking to help crowd-in private and public investment, bringing investors which would not have invested otherwise, ultimately creating a demonstration pathway for equivalent investment structures promoting similar environmental impact to become a market standard.

## Consideration of alternatives

57. The RCF-DCF Project was designed based on the successes and lessons learned from the RCF Pilot. The design process included a review of the RCF Pilot's geographical focus, revenue streams, deal size and other features. The design of the RCF-DCF Project is also informed by a thorough analysis of the barriers to climate action in the the soy sector, and a careful consideration of potential alternative approaches. Table 5 below summarizes some of the key alternatives that were considered and rejected in the design of the RCF Impact Fund.

*Table 5. RCF-DCF Project: Consideration of alternatives*

Alternative	Reason for rejection
Grants for payments for ecosystem services	Grant financing is insufficient to meet the finance needs of the Brazilian soy sector mitigation and adaptation needs. Less alignment of incentives with producers (moral hazard). Risk of crowding out private sector investment.
Investment facility without concessional blended finance	Risk/return mismatch limits institutional investor appetite without de-risking from junior investors. The resulting fund is sub-scale and cannot invest in enough farms to make a sector wide impact. Alternatively, junior-tranche investors will demand a high cost of capital, resulting in high all-in interest rates to producers that will not be attractive sufficient for them to commit to environmental conditionalities (i.e., zero deforestation).

<sup>12</sup> See Britaldo Soares Filho et al., 2014: "Cracking Brazil's Forest Code", Science 344, 363; and Gerd Sparovek et al., 2011: "A revisão do Código Florestal Brasileiro, Novos Estudos 89", and "Código Florestal, Aplicação e cumprimento na prática" presented in the conference 'Código Florestal, Estratégias para implantação e cumprimento, 2013'.

**B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)**

*Table 6. Executing Entities and their legal status*

Full Legal Name	Legal Form	Legal status and capacity to enter into contracts independently
Sustainable Investment Management Limited (SIM)	Limited Company	Incorporated in the United Kingdom and has the capacity to enter into contracts independently.
RCF Impact Fund (to be incorporated)	LP/GP partnership (SCSp)	To be incorporated in Luxembourg as a LP/GP structure (under the legal form of a SCSp), according with a Limited Partnership Agreement (LPA) to be entered into by SIM as limited partner and SIM GP as general partner.
SIM – Assessoria em Investimentos Sustentáveis Ltda (SIM Brazil)	Limited Company (Ltda.)	Incorporated in Brazil and has the capacity to enter into contracts independently. SIM Brazil is a wholly owned subsidiary of SIM.
SIM General Partners – (Alternative investment fund manager in Luxembourg) (to be incorporated)	Limited Company (S.r.a.l)	A fund management entity to be incorporated in Luxembourg, with capacity to enter into contracts independently.
AIFM (to be selected)	A stock Corporation	A fund management entity incorporated in Luxembourg, duly authorized to act as fund manager to the RCF Impact Fund, with capacity to enter into contracts independently (to be selected and hired)
Co-Investment Vehicles (Sub-Fund, to be incorporated)	LP/GP partnership (SCSp)	To be incorporated in Luxembourg as a LP/GP structure (under the legal form of a SCSp), according with a Limited Partnership Agreement (LPA) to be entered into by the RCF Impact Fund, as Limited Partner and SIM GP as GP. Sub-Fund will be managed by the AIFM, under the instructions of SIM GP). Will channel the funds to the underlying Operational Vehicles.
Opea Securitizadora SA	A stock corporation (Sociedade Anônima (S.A.)).	A financial services company incorporated in Brazil. Will have the capacity to enter into contracts independently, on the behalf of the Operational Vehicle. Will incorporate and manage the Operational Vehicle strictly in accordance with SIM`s instructions (and the Operational Vehicle regulations)

**Governance arrangements**

58. The implementation of the investment process includes the following main phases: (i) SIM negotiating the co-investment terms with additional investors for a specific structure, (ii) contracting a portfolio of CPRs with the producers (at the Operational Vehicle Level), and (iii) deploying the funds from the RCF Impact Fund and the other investors to the Operational Vehicle, that will transfer the funds to the producers, as per the pre-signed loan agreements (the CPRs).

59. All governance structures will include the participation by at least 30% women.

### **Governance at the Brazilian Operational Vehicles level**

60. Opea represents the Operational Vehicle for all legal purposes and shall conduct the following activities on the behalf of the Operational Vehicles: (i) contracting a pool of producers eligible to be financed, (ii) receive the funds from the investors, (iii) deploy the money to the producers/borrowers, (iv) monitor the loans, the compliance with the eligibility criteria and collect the loans, (v) renew the loans on an annual basis, and (vi) remit the funds to the investors (coupons and principal, as applicable). However, Opea does not have discretionary management decision and must perform these activities strictly in accordance with the Securitization Term and under the instructions of SIM Brazil, as per the Local Implementation Agreement.
61. The analysis and verification of compliance with the Environmental Eligibility Criteria (as described in the E&S Section below) are carried out by SIM Brazil (as the Environmental Agent) with the technical support of BVRio, and reported to SIM.
62. The credit analysis and compliance with the Credit Eligibility Criteria are made by the Credit Agent (such as Traive, RCF Pilot's current credit agent).
63. SIM Brazil is responsible for proposing a portfolio of loan agreements (CPRs). The senior and mezzanine investors (banks and impact investors) in a given Operational Vehicle (a CRA) will be offered the right to propose a portfolio (to be analysed by SIM Brazil), and veto rights on the proposed portfolio. The final portfolio must be approved by SIM before contracted.
64. Once the portfolio is contracted at the Operational Vehicle level (all underlying CPRs being contracted), the funds will be transferred from the RCF Impact Fund to the specific Sub-Fund (if applicable) and then to the Operational Vehicle in Brazil.
65. At the Operational Vehicle level (issuing the CRAs), the funds are held in a banking account controlled by the Securitization Company (e.g., Opea). Opea has the fiduciary duty to manage the funds in strict compliance with the provisions of the Securitization Term, and will deploy the funds to the producers based on the loan agreements (the CPRs) previously approved and formalized with the borrowers (the producers).
66. SIM as AE has overall responsibility for the implementation of the project.

**Track record**

67. SIM is an environmental finance firm incorporated in 2018 with offices in Rio de Janeiro, Brazil, and Oxford, UK. SIM was co-founded and is managed by Brazilian Nationals with over 30 years experience working on environmental issues in Brazil firstly through the company EcoSecurities and for the last decade the non-profit BVRio. “BVRio is a strategic partner of SIM and shares a common management team, Through secondments and other employment clauses, the two entities share resources which strengthen the implementation capacity of SIM, particularly in the areas of IT, communications, legal advice and geospatial analysis. SIM designed, structured and manages the RCF Pilot since its launch in 2022 with a fund size of USD 11 million through investment by three UK supermarkets. This has increased over the four years of the project, reaching USD 57 million for the 2025/26 crop year, with commercial banks, a development banks and the UK government joining as investors. SIM’s objective is to promote the financing of activities that result in positive environmental impacts worldwide. SIM is specialised in designing, structuring and coordinating financial mechanisms for environmental objectives, and connects investors seeking positive environmental change with credible businesses and implementable projects that have a direct and immediate environmental impact. Our aim is that our financial mechanisms can have a disruptive effect at scale, helping to inflict change at sector or landscape level. Currently, SIM works in four different sectors:

- Sustainable agriculture – currently managing the RCF Pilot with USD 60 million AUM
- Sustainable forest and conservation finance – managing the SIMFlor REDD+ project, with U\$ 100 mi offtake contract (not all called for, to date)
- Greenhouse gases (GHG) – owning 30% of EcoSecurities Holdings, a carbon trading company with market value of U\$164 million.
- Waste management and the circular economy – owning 30% of Dutch company Circular Action BV (now called Kollekt).

68. SIM is a capital light organisation, and works by assembling and coordinating the integration of organisations that collectively implement the financial mechanisms developed by SIM. In the case of the RCF Pilot, SIM was responsible for designing the structure of the pilot fund, inviting the various service providers and coordinating their work in an integrated way.

**B.5. Justification for GCF funding request (max. 1000 words, approximately 2 pages)**

**Existing government and private interventions do not provide financial incentives for DCF soy**

69. Government efforts to reduce deforestation focus primarily on legislative instruments rather than financing. The Government of Brazil cannot prioritize financial incentives and support for commercial farmers over pressing social and economic development challenges facing the country. The government does offer support to farmers through the annual Plano Safra crop finance scheme. This is Brazil’s official annual agricultural policy package designed to support farmers—both family and commercial—with access to credit, insurance, and other incentives for the upcoming agricultural season. The main goals are to stimulate agricultural production, ensure food security, promote rural development, support environmentally sustainable practices, and boost Brazil’s agricultural exports. Credit is offered as concessional interest rates, but the amount available per individual farmers is limited and not sufficient for the medium sized farmers the RCF-DCF Project will finance.

70. As mentioned in Section B.1, there are a variety of trade credit mechanisms employed to finance traditional soy farming in the Cerrado. However, the finance providers offering these products are not required to assess the environmental impact of their lending, and generally do not impose any restrictive covenants to prevent deforestation and clearing of native vegetation.. Traditional finance providers remain satisfied with “business as usual”, leading to a gap in finance for deforestation and conversion-free soy production.

71. There are currently no financial incentives available to entice farmers to forego their legal right to clear areas of excess legal reserves in their landholdings, protecting native vegetation. Carbon market instruments are currently not suited to this type of diversified pools of short term (but renewable) commitments of conservation of native vegetation. Consequently, the RCF-DCF Project needs to provide financial incentives in the form of low interest credit lines.
72. Low interest credit lines will be achieved through blended finance. The participation of the GCF in the RCF-DCF Project will enable it to leverage larger amounts of mezzanine and senior tranche investments, increasing portfolio diversification, reducing risk, and generating economies of scale that all contribute to reducing costs of credit lines to farmers who commit to no deforestation.

### **GCF will have a catalytic effect**

73. GCF will provide derisking capital which will strengthen the credibility of the facility, thereby increasing the pool of potential investors, and improving the terms on which they provide capital to the mezzanine and senior tranches of the Co-Investment Vehicles. GCF's catalytic role will help the RCF-DCF Project to operate at an efficient scale, creating a virtuous circle of increased operational effectiveness and improved financial performance.
74. The size of the GCF funding (USD 85 million) will also have a catalytic effect. Other providers of risk-taking first loss capital that have invested in the RCF Pilot previously typically fund up to USD 10 million, have lengthy processes to access funds, pricing that is often comparable to market, and large fees for due diligence. The consequence of this has been that the RCF Pilot needed multiple investors in the junior tranche, each requiring fees to be paid, which has impacted the 'all in' costs of the fund and limited the ability of the fund to provide below-market rates to farmers. In comparison, the RCF-DCF Project, the RCF-DCF Project will be able to reduce the all-in lending rates to the farmers.

### **GCF support will overcome financial and market barriers**

75. The primary challenge to DCF soy farming is that farmers find it more financially attractive to remove remaining forest and native vegetation to maximize soy production. For a fixed production volume, profits can be increased by raising profits or by lowering costs. There are limited efforts underway to offer farmers a price for DCF soy that compensates for reduced production volumes. However, the vast majority of Brazilian soy is sold via wholesalers who co-mingle crops from different farmers. This co-mingling limits the traceability required to link a load of soy to farmers engaged in DCF production. As a result, most farmers are unable to earn a significant market premium.
76. In the absence of a price premium, GCF support will enable the RCF-DCF Project to lower farmers' financing costs, thereby increasing the profitability of farms engaged in DCF soy production. In effect, the "premium" is provided upfront, through the low cost of finance.
77. The RCF-DCF Project uses GCF concessionality to lend at below-market rates to soy farmers, as an incentive to eliminate deforestation and clearing of native vegetation on their farms. In this way, GCF concessionality "pays for impact" compared to existing finance sources that provide perverse incentives for increased deforestation to maximise returns and service high-interest loans.
78. The size of the GCF funding is also important to allow the project to become a size at which it has a significant impact on the soy sector in Brazil. Funding of USD 85 million from the GCF will enable a fund size of USD 425 million, producing over 1.5 million tonnes of DCF soy per year. This will prove that if crop finance is structured correctly it can be used to fund both crop production and landscape protection. The long tenure of the GCF funding (12 years) is also important because it will show that this type of finance is feasible in the long-term while also allowing other early stage mechanisms for DCF soy production to mature (e.g. policy changes, market demands etc.).

79. The GCF will help the RCF-DCF Project to scale up significantly, up to a point when the transaction costs are diluted enough that all-in costs of capital can be achieved without the need for concessionality. This will ensure long-term financial sustainability for the project.

**B.6. Exit strategy (max. 500 words, approximately 1 page)**

80. The RCF-DCF Project is a closed-end impact fund with an indicative operational timespan of 12 years. The project will return capital to the GCF via annual interest payments from the RCF Impact Fund with principal returned at the end of the operational timespan.
81. As mentioned above, once the RCF-DCF Project reaches a level when economies of scale can be obtained, it will be less dependent on concessional finance to secure low costs of capital to lend to producers, reaching financial sustainability.
82. The RCF-DCF Project establishes a strong basis for long-term sustainability. On the borrower side, low cost finance represents a form of payment for ecosystem services. Farmers' recurring need for working capital during the soy growing season provides an ongoing incentive to comply with the deforestation and conversion-free covenants that accompany this finance.
83. On the investor side, the RCF-DCF Project intends to build a critical mass of impact investors willing to capitalize green CRAs, with supermarkets and other supply chain buyers paying an important role. Public and private organizations worldwide have made net-zero commitments that will require intensifying efforts to reduce supply chain emissions and zero deforestation commitments that will require intensifying efforts to halt deforestation. This shift will drive greater demand for DCF soy, stimulating the market. Meanwhile, as more farmers voluntarily comply with Brazil's Forest Code, and go beyond it by forgoing their legal right to deforest up to 80% of their land, the government's enforcement policy will be able to catch up and play a more active role in driving compliance, potentially reducing the long-term need for significant concessionality.
84. The RCF-DCF Project can be scaled up in multiple ways. The project introduces the paradigm of green CRAs into the soy value chain in Brazil. This model opens the door to the following opportunities:
- a) The RCF-DCF Project can attract additional capital into the proposed investment vehicles, or establish new vehicles with less concessionality as soy traceability improves and farmers begin to attract more of a market premium. There is already interest among industry for SIM to create funds for conversion of degraded pastureland for soy production.
  - b) The RCF-DCF Project can issue green CRAs for other agri-commodity value chains linked to deforestation, such as DCF cotton.
  - c) The demonstration effect from the RCF-DCF Project's de-risking approach could stimulate traditional or new lenders to offer green CRAs for soy and other agri-commodities linked to deforestation.

C. FINANCING INFORMATION						
C.1. Total financing						
(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)	Total amount			Currency		
	85			million USD (\$)		
GCF financial instrument	Amount	Tenor	Grace period	Pricing		
(i) Senior loans	85,000,000	12 years	0 years	SOFR + 1%		
(ii) Subordinated loans						
(iii) Equity						
(iv) Guarantees						
(v) Reimbursable grants						
(vi) Grants						
(vii) Results-based payments						
(b) Co-financing information	Total amount			Currency		
	340			million USD (\$)		
Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
Food sector actors, impact investors	Subordinated Loans	30	million USD (\$)	12 years 0 years	SOFR + 2.5%	junior
Impact investors	Subordinated Loans	50	million USD (\$)	12 years 0 years	SOFR+ 1%	junior
Impact investors	Subordinated Loans	20	million USD (\$)	12 years 0 years	SOFR + 3%	junior
Commercial banks	Senior Loans	240	million USD (\$)	12 years 0 years	SOFR + 2%	senior
(c) Total financing (c) = (a)+(b)	Amount			Currency		
	425			million USD (\$)		
(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)	<p>Please explain if any of the financing parties including the AE would benefit from any type of guarantee (e.g. sovereign guarantee, MIGA guarantee).</p> <p>Please also explain other contributions such as in-kind contributions including tax exemptions and contributions of assets.</p> <p>Please also include parallel financing associated with this project or programme (refer to the co-financing policy).</p>					
	None					

## C.2. Financing by component

Please provide an estimate of the total cost per component and output as outlined in section B.3. above and disaggregate by source of financing. More than one co-financing institution can fund a single component or output. Provide the summarised cost estimates in the table below and the detailed budget plan as annex 4.

Component	Output	Indicative cost million USD (\$)	GCF financing (via SIM UK)		Co-financing		
			Amount Options	Financial Instrument	Amount million USD (\$)	Financial Instrument	Name of Institution s
1	1.1 The RCF Impact Fund is operational and is raising capital at Investment Vehicle level	425	85	Subordinated loans	340	Subordinated loans and Senior loans	Public and private investors
	1.2 Capital deployed to farmers engaged in deforestation and conversion free soy production and to farmers transitioning to regenerative agriculture	These costs are absorbed by fund and require no additional financing.					
	RCF Impact Fund impacts monitored and verified to ensure transparency	These costs are absorbed by the fund and require no additional financing.					
<b>Indicative total cost (USD)</b>		425	85		340		

This table should match the one presented in the term sheet and be consistent with information presented in other annexes including the detailed budget plan and implementation timetable.

In case of a multi-country/region programme, specify indicative requested GCF funding amount for each country in annex 17, if available.

## C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)

C.3.1 Does GCF funding finance capacity building activities?

Yes  No

C.3.2. Does GCF funding finance technology development/transfer?

Yes  No

If the project/programme is expected to support capacity building and technology development/transfer, please provide a brief description of these activities and quantify the total requested GCF funding amount for these activities, to the extent possible.

## D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

*This section refers to the performance of the project/programme against the investment criteria as set out in the GCF's [Initial Investment Framework](#).*

### D.1. Impact potential (max. 500 words, approximately 1 page)

85. The AFOLU sector is one of the major sources of GHG emissions in Brazil while also playing a central role in economic and social frameworks. Deforestation caused by soybean production remains a major challenge and, despite the challenge, deeply entrenched financial and non-financial barriers prevent the sector from meaningfully pursuing scalable, market-based climate solutions and transitioning to low-emission pathways. The RCF-DCF Project intends to overcome these financial and non-financial barriers by directly responding to the interests of the farmers and providing a financial compensation for their environmental services through low-interest rate, annual crop finance loans with strong climate and environmental covenants and monitoring and evaluation mechanisms in place. In other words, the RCF-DCF Project will provide a form of PES for the excess legal reserves under protection by the farmers as a compensation for forgoing their legal right to deforest, while using a scalable and cost-efficient CRA structure to achieve greater mitigation impact.
86. The project design, required environmental eligibility criteria, investment procedures, and monitoring and evaluation mechanisms for mitigation in the RCF-DCF Project are detailed in section 2.2. The project will have an overall focus on avoided deforestation, involving protection of existing forest to prevent its conversion to agriculture, preserving the native vegetation as carbon sinks. As opposed to a sustainable supply chain approach involving aggregators or other supply chain actors, the contemplated land-based interventions of the RCF-DCF Project directly support the soybean farmers to promote long-term GHG mitigation benefits and address drivers of deforestation, while reducing pressure on forests and supporting increases in carbon storage in agricultural lands.
87. The RCF-DCF Project is expected to generate a mitigation outcome of 25.58 million tonnes of CO<sub>2</sub> eq during the 12-year implementation period. Baseline data for the soy sector in the Cerrado, as well as information from the farm pipeline and project environmental requirements is used to make the ex-ante estimation.
88. Verra Verified Carbon Standard modules have been used to establish the baseline scenario and the project scenario. Module VMD0006 Estimation of Baseline Carbon Stock Changes and Greenhouse Gas Emissions from Planned Deforestation / Forest Degradation and Planned Wetland Degradation, version 1.4 was used to calculate the baseline, with minor modifications to recognise that the Cerrado is a wooded savanna habitat. Carbon stock values for Cerrado vegetation types were taken from Brazil's National Forest Reference Emission Level for Results-based Payments for REDD+ under the United Nations Framework Convention on Climate Change (UNFCCC).
89. Project emissions were calculated using the module VMD0015 Methods for Monitoring of GHG Emissions and Removals in REDD and CIW Projects (M-REDD) v2.2. The area of native vegetation protected by the RCF-DCF Project, and the vegetation types it is located in, is estimated. National emission factors from Brazil's latest Forest Reference Emissions Level (FREL) were used to provide compatibility with the national Biennial Transparency Report (BTRs) to the UNFCCC.
90. Ex-post calculations will be made once the portfolio of financed farms is known.
91. The RCF-DCF Project is mitigation with Ecosystem-based Adaptation co-benefits, particularly the native vegetation avoiding deforestation will help to protect against climate shocks and stresses.

**D.2. Paradigm shift potential (max. 500 words, approximately 1 page)**

92. The RCF-DCF Project is designed to sustainably overcome barriers to climate action in Brazil's agriculture sector.
93. The RCF-DCF Project shifts the paradigm of soy production in Brazil's Cerrado from a model that takes a zero-sum approach to soy production versus forest protection, in favour of a model where soy farmers are incentivized to protect and enhance forests and native vegetation on their land.
94. Global soy production increased significantly in recent years, rising 37% or grew at a compound annual growth rate (CAGR) of 3.3 percent between 2011 and 2021. According to OECD-FAO, it is anticipated that 7.8 million hectares of new land will be needed by 2028 for animal feed alone. With more protein demand and anticipated world population of 10 billion people by 2050, soy demand is expected to continue to rise, along with demand for financing. The RCF-DCF Project will incentivize farmers to keep the native vegetation on their farms and instead shift agricultural expansion the already cleared areas such as degraded cattle pastures.
95. Furthermore, while the EUDR has not yet been implemented and only includes commodities grown on land that was previously forested, it is expected that over time the scope will widen to other important ecosystems such as the wooded savanna of the Cerrado. The RCF-DCF Project helps to shift the paradigm in advance of this regulation, allowing farmers to align with it. The deforestation cut-off date is unlikely to change and so farmers not in compliance now, regardless of ecosystem, will effectively be shut out of the EU market in the future.
96. At the market level, SIM will provide a proof of concept via the RCF-DCF Project to change investors' perception about investing in both Brazil and in Green CRA instruments. Expected increased interest from investors in allocating capital to sustainable investments in the context of enhanced scrutiny around climate and related reporting standards (e.g. the SFDR) is also expected to support the growth of the project.
97. The RCF-DCF Project investment strategy – which will involve providing crop production loans covering the full crop season, utilizing a highly scalable CRA structure – is highly replicable across other commodities and by other fund managers, becoming a scalable solution for other commodity landscapes.
98. Furthermore, the RCF-DCF Project has the potential to serve as a model for mainstream lending criteria among local financial institutions and to support broad adoption of DCF finance in the financial and capital markets.
99. At the borrower level, with the farmers are being rewarded for environmental stewardship, the project can over time change the way the farmers perceive their role as stewards of the natural capital and can ensure permanence through behavioural change.
100. Farmers also benefit because unlike certifications or other systems which rely upon the harvest resulting in a premium applied to the product, farmers have certainty around financial savings at the time of loan approval. The RCF-DCF Project is the only non-voluntary carbon market mechanism that is market-based and provides PES with strong scalability.
101. Table 8 summarizes the paradigm shift contributions according to project actions aligned with the drivers of the GCF Strategic Plan.

Table 8. Paradigm-shifting pathways for the RCF Impact Fund : Forests and Land Us

		Transformational Planning & Programming	Catalyzing Climate Innovation	Mobilization of Finance at Scale		Coalitions & Knowledge to Scale Up Success	
Paradigm - Shifting Pathways	Protecting natural forests and landscapes	Protecting forested ecosystems containing irrecoverable carbon. Examples include intact vegetation, peat lands, and wetlands). <sup>13</sup>	Incorporating forest and landscape protection objectives into loan agreements with soy farmers.	Issuing CRAs in foreign currency facilitating foreign investment.  Incentivizing production of DCF soy through blended finance and concessional lending.	Use of blended finance to mobilize private finance at scale. The RCF Impact Fund will provide a junior tranche to investment vehicles that helps to de-risk senior investors.  Rigorous ESG impact measurement  Mobilization of national & global funds through capital markets	Transparent ESG reporting  Liaising with government ministries, regulatory authorities and national DFIs to expand lines of credit to finance DCF soy in the Cerrado.  Building awareness amongst large international retailers that financially supporting DCF soy landscapes is a viable method of responsible procurement.	Monitoring, evaluation & learning to inform scaling  Promoting public awareness & capacity building for scale
	Sustainable management of productive forest landscapes	Development of the soy value chain based on sustainable management of productive forest landscapes.	Incentivizing farmers to enhance production on existing land (e.g. conversion of degraded land)				

**D.3. Sustainable development (max. 500 words, approximately 1 page)**

102. The RCF-DCF Project will directly contribute to SDGs 2, 5, 6, 8, 13 and 15 as detailed below. The project aims to support the forestry and agriculture sectors' contribution to achieve the 1.5°C objective under the Paris Agreement, while addressing an increasing demand for DCF soy and preserving native vegetation. In doing so, the proposed programme will deliver significant environmental co-benefits.
103. The RCF-DCF Project contributes to SDG 2: Zero Hunger, through the preservation of native vegetation in the Cerrado which reduces climate risk to the region. Native vegetation plays a critical role in moderating the water cycle, prevents soil erosion, and the consequent degradation of land. This is critical to the region's long term food security, where sufficient water and good quality soil is vital for the production of soy.
104. The RCF-DCF Project also contributes to SDG 8: Decent Work and Economic Growth. The project scaled to USD 425 million will make trade finance available to 3000 more farms that would previously not have been able to access this finance producing over 1.5 million tonnes of DCF soy per year by year five of the project.
105. The RCF-DCF Project's contribution to SDG 13: Climate Action is two-fold. Firstly, through concessional loans to soy farmers with deforestation free covenants, the project will avoid the emissions of 25,580,079 tCO<sub>2</sub>e via avoided deforestation and conversion. More details of these calculations can be found in Annex 22. The project will also lead to the conservation of biodiversity in the Cerrado via conservation of native vegetation (although this will not be specifically measured or quantified).
106. The RCF-DCF Project will lead to supporting over 1 million ha of productive landscapes to adopt the conservation of 379,949 ha of native vegetation on private land within the ecologically important and biodiverse Cerrado savanna that could otherwise be deforested either as a consequence of not being protected under the Forest Code or due to weak enforcement of existing regulations. This will contribute to SDG 15: Life on Land. The project will also enhance ecological resilience through preference given to areas restored from abandoned pastureland to soy cultivation. Furthermore, the overall mitigation

<sup>13</sup> Peatlands may store 13.3% of the Cerrado soil carbon on only 0.7% of its area.

<https://www.sciencedirect.com/science/article/pii/S2530064424000373#:~:text=Based%20on%20preliminary%20estimates%2C%20there,percent%20of%20the%20Brazilian%20Cerrado.>

benefits associated with avoided deforestation are expected to create a positive feedback loop between ecological and farmer resilience and climate change.

107. The RCF-DCF Project will support SDG 5: Achieve gender equality and empower all women and girls. SIM has engaged with women through technical assistance financed by the AGRI3 Fund, which commissioned Produzindo Certo to carry out a diagnostic of some of the RCF Pilot financed farms, including investigations of gender. One of the main issues brought up by the diagnostic is the underrepresentation of women in the agribusiness sector. As a step towards overcoming this, SIM intends to champion female-owned farms by prioritising the financing of soy farms with at least one female owner, providing they meet the other eligibility criteria. Communications materials and workshops (farmer field days) will be used to raise awareness about gender equality and encourage female participation in management activities.
108. The Cerrado region includes critical freshwater ecosystems, having six out of the 12 major hydrological regions in Brazil. Through the protection of native vegetation, which plays a critical role in moderating the water cycle, the RCF-DCF Project is expected to contribute to the region's water security. Furthermore, the project will encourage reduced pesticide use and pesticide alternatives, helping to reduce pesticide run-off and improve water quality. This all supports SDG 6: Ensure availability and sustainable management of water and sanitation for all.
109. The RCF-DCF Project will also champion sustainable farming techniques. Farms financed by the project will be encouraged to adopt practices supported by the Brazilian Agricultural Policy for Climate Adaptation and Low Carbon Emission (ABC+ Plan) such as integration systems, bio inputs, and irrigation systems.

#### D.4. Needs of recipient (max. 500 words, approximately 1 page)

110. As described in Section B.1, in Brazil, the Forestry and Land Use sector and the Agriculture sector are major contributors to GHG emissions. Moreover, agriculture, and in particular soy production, is a primary driver of deforestation in the Cerrado region.
111. Both sectors are also highly vulnerable to climate change: increasing temperatures and changes to precipitation are negatively impacting forest growth rates and making them more vulnerable to disease, pests, and fire. They are also reducing agricultural yields and the land area suitable for farming activities.
112. The Brazilian government relies on the Forest Code to reduce deforestation and conversion of native vegetation, but its success is limited due to non-compliance and limited enforcement. The Forest Code is also unable to address legal deforestation and conversion of native vegetation. A number of national plans and policies (see section D.5) suggest compensation for avoided deforestation on rural properties or economic instruments to incentivise against it.  
As around 70 percent of the remaining native vegetation is on private property, it is critical to address the interests of the farmers and incentivize the farmers to forego their legal right to deforest through a form of compensation for the vital ecosystem services provided by their native vegetation. Since there are no current payments for ecosystem services (PES) provided to the farmers, and given the significant economic benefits associated with converting native vegetation to cropland and growing demand for soy, the remaining areas of intact native vegetation face an increasing risk of deforestation over time.
113. The difference between the interest rate of traditional credit lines and the RCF-DCF Project credit line acts as a payment for the ecosystem services for the native vegetation the project requires the farmer to have. Unlike other forms of PES, such as certification schemes in which the premium is not guaranteed and will only come at the point of sale, the financial savings for the farmers are fixed at the time of the loan approval. Furthermore, participation in the RCF-DC project rewards farmers for their environmental

stewardship, potentially bring about meaningful, permanent behaviour change of the farmers, as they see the value in it.

114. Local financial institutions and other investors provide conventional crop financing and other agricultural loans (as explained in Annex 2 Feasibility Study), high actual and perceived risks have prevented international and private investors from financing sustainable agriculture in Brazil. Against this backdrop, the RCF-DCF Project not only supports DCF soy production but also fills the financing gap for soy farmers by providing affordable loans. As a proof of concept, the RCF-DCF Project will help to lower the high perception of risk, mainstream the asset class and help the project's environmental and social lending criteria gain broader acceptance by local financial institutions and other market participants.

#### **D.5. Country ownership (max. 500 words, approximately 1 page)**

115. The RCF-DCF project is strongly aligned with Brazil's climate change policies, strategies, and plans. Specifically, Brazil's NDC, NAP, and National Climate Change Plan amongst other policy documents note the need to reduce emissions from agriculture, forests, and land use, and note the importance of these sectors to Brazil achieving its climate mitigation goals. In particular, the RCF-DCF Project is aligned with the following key strategies and policies of the Brazilian Government:

#### **National Plan on Climate Change**

116. Brazil's National Plan on Climate Change sets out goals for the reduction of emissions of greenhouse gases. One of the aims is to reduce deforestation, which the RCF-DCF Project will do by offering incentives to farmers who forgo legal deforestation on their farms.

#### **NDC**

117. Brazil's NDC aims to reduce its GHG emissions by 59 to 67% compared to 2005 levels by 2035. Recognising the importance of reducing deforestation in achieving this, the Brazilian NDC states that the country intends to adopt measures to "foresee coordinated and continuous efforts to achieve zero deforestation, by eliminating illegal deforestation and compensating for the legal suppression of native vegetation and the greenhouse gas emissions resulting from it. This will require not only strengthening and deepening existing command and control measures, but also instituting positive economic incentives for maintaining forests on private rural properties." The RCF-DCF Project helps to strengthen command and control measures by requiring participating farmers to be in compliance with the Brazilian Forest Code, and also provides an economic incentive for maintaining native vegetation on soy farms in the Cerrado.

#### **GCF country programme**

118. The previous Brazil Country Programme identifies agriculture and forests as the highest ranked strategic priority for GCF support. Within this area, conservation and sustainable management of forest assets have been identified as key priorities which align well with the RCF Impact Fund objectives.
119. Brazil is in the process of updating their country programme, expected to be published in October 2025. In July 2025, the National Designated Authority (NDA) announced that RCF-DCF Project has been approved to be included in the portfolio of projects that will be part of Brazil's new Country Program with the GCF.
120. The RCF-DCF Project has also been submitted to the Brazil Climate and Ecological Transformation Investment Platform – BIP, an initiative from the Brazilian government created with the ambition of expanding investments in ecological transformation towards the decarbonization of the economy, the

sustainable use of resources and the improvement of the quality of life of the population. The NDA recommends that project seeking GCF funding should be listed on BIP.

### **National Adaptation Plan (NAP):**

121. The purpose of the Brazilian Federal Government's National Adaptation Plan is to guide initiatives for management and reduction of long-term climate risks. Within the plan, the strategy for agriculture states that "the farm sector has responsibilities toward reducing its greenhouse-gas emissions and deforestation pressures." The RCF-DCF Project aligns with this by helping to reduce deforestation pressures through low interest credit lines to farms that commit to DCF soy production.

### **ABC+ Plan (2020-2030)**

122. The Plan for Adaptation and Low Carbon Emission in Agriculture: Strategic Vision for a New Cycle, known as the ABC+ Plan (2020-2030), is an instrument that promotes sustainable agriculture through strategies of adaptation and mitigation of greenhouse gas emissions. The strategies it champions include: encouraging farm environmental compliance and expanding mechanisms that recognize and reward farmers for adopting sustainable practices. The RCF-DCF Project implements these strategies by requiring farmers to comply with the Forest Code. Over the course of the project SIM will encourage the uptake of sustainable management practices listed in the ABC+ Plan such as No Till System (SPD), Integration Systems (SI), Bio inputs (BI), and Irrigation Systems (SI). The project will monitor the uptake of the adoption of these practices and will explore how financial incentives can be used to further encourage the uptake of these practices, and may create specific funding lines for their adoption, as required.

### **PPCerrado**

123. The Action Plan for the Prevention and Control of Deforestation and Fires in the Cerrado Biome (PPCerrado) - 4th phase (2023 to 2027), known as PPCerrado, is divided into four major thematic axes: i) sustainable productive activities; ii) environmental monitoring and control; iii) land and territorial planning; and iv) normative and economic instruments, aimed at reducing deforestation and implementing the actions covered by the other axes. While the RCF-DCF Project is aligned with all of the PPCerrado objectives, it most clearly supports Objective 9, by providing a legal and economic instrument to control legal and illegal deforestation.

### **Brazil Forest Code (Law No. 12,651/2012)**

124. The Forest Code was initially established in 1965 and revised in 2012 (Law No. 12,651/2012). Amongst other requirements, the law mandates native vegetation preservation of 20-35% of land in rural properties in the Cerrado. The RCF-DCF Project requires compliance with the Forest Code as part of its eligibility criteria and promotes compliance beyond legal requirements by requiring farms to have native vegetation in excess of legal requirements.

### **Rural Credit Manual**

125. Brazil's Rural Credit Manual (Manual de Crédito Rural in Portuguese, known as the MCR) is the comprehensive regulatory framework that defines how rural credit must be structured, operated, supervised, and controlled in Brazil. It is issued by the Banco Central do Brasil under authority delegated by the Conselho Monetário Nacional. The MCR consolidates all rules related to rural credit operations, including who can operate, who can receive financing, what types of credit and guarantees are allowed, how resources must be used and reported, and how compliance is overseen. The RCF-DCF Project aligns with Chapter 2 Section 9 which addresses the characterisation of restrictions to rural credit due to legal or regulatory provisions related to social, environmental and climate issues. The RCF-DCF Project

also has additional environmental and social requirements which go beyond the requirements of the MCR.

### **Brazilian Sustainable Taxonomy**

126. The Brazilian Sustainable Taxonomy (TSB) is an instrument of the Federal Executive's Ecological Transformation Plan. The TSB aims to promote the integrity of the sustainable finance market, to support climate change mitigation and adaptation, biodiversity and water resource conservation, pollution prevention and control, and support the transition to a circular economy. In particular, the RCF-DCF Project aligns with the statement in the taxonomy that the suppression of native vegetation is not considered sustainable, even if it complies with the Forest Code (i.e. legal deforestation). The project also aligns with the taxonomy's requirements for pesticide use.

### **Capacity of Accredited Entities or Executing Entities to deliver the project**

127. As the Accredited Entity, SIM has the capacity to deliver the project. Working on the RCF Pilot over the last five years, SIM has built the skills, expertise, and partnerships necessary to expand the fund to become the RCF-DCF Project. With offices in Rio de Janeiro, Brazil and Oxford, UK, SIM has operated for over 5 years in the Cerrado and demonstrates a long-term commitment to sustainability in Brazil.

128. SIM is a capital light organisation, and works by assembling and coordinating the integration of organisations that collectively implement the financial mechanisms developed by SIM. In the case the RCF Pilot, SIM was responsible for designing the structure of the fund, inviting the various service providers (15 in total) and coordinating their work in an integrated way.

### **Role of National Designated Authority (NDA)**

129. SIM is pursuing the Project-specific Assessment Approach (PSAA) to GCF accreditation rather than through nomination by the NDA of Brazil. The PSAA route was chosen because SIM intends to partner with the GCF for the implementation of a single climate change project: The RCF-DCF Project. That said, it is vital that the NDA approves of and supports the project. In July 2025, the National Designated Authority (NDA) announced that the RCF-DCF Project has been approved to be included in the portfolio of projects that will be part of Brazil's new Country Program with the GCF. In January 2026 the NDA provided a No Objection Letter for the project.

### **Engagement with civil society organizations and other relevant stakeholders, including indigenous peoples, women and other vulnerable groups**

130. The design of the RCF-DCF Project reflects meaningful engagement with many civil society organizations, including learning from the initial pilot phase (2022-2025). SIM has formed an Environmental Advisory Board (EAB) to provides strategic input to the project, in relation to its operations, expansion plans, and any amendments to its environmental governance or criteria. Members of the EAB (and their alternates) and their organisations, are:

- Greg Fishbein – The Nature Conservancy
- Ivo Mulder (Martin Hallé) – UN Environment
- Lilian Vendrametto – Conservation International
- Fabrício de Campos – Sustainable Finance expert
- Isabella Freire Vitali (Jane Lino) – Proforest
- André Guimarães – IPAM
- Roberta del Giudice (secretariat of the board) – BVRio

SIM is in the process of inviting a representative from the Ministry of Agriculture and Livestock (MAPA) to join RCF-DCF Project governance to promote synergies with public policies coordinated by that ministry.

**D.6. Efficiency and effectiveness (max` . 500 words, approximately 1 page)**

131. SIM requests USD 85 million from the GCF to help the RCF-DCF Project reach efficient scale and bring about transformational change in agricultural sector of Brazil. The size of the GCF finance will have a catalytic effect, with every USD 1 of GCF money leveraging up to USD 4 in the junior and senior tranches of the RCF Impact Fund co-investment vehicles. By year 6 of the project, SIM aims to have a fund size of USD 425 million. Over the 12 years of the fund, GHG emissions reductions will be nearly 25,58 million tCO<sub>2</sub>e.
132. The financial structure is adequate to address objectives. Private investors are reluctant to invest in sustainable agriculture in Brazil without a de-risking mechanism, with a minimum of 20% in a junior tranche (preferably 30%). The RCF-DCF Project will meet these requirements using GCF finance in the junior tranche and impact investors in the mezzanine tranche of the co-investment vehicles.
133. First-loss money is a scarce resource, with providers of risk-taking first loss capital that invested in the RCF Pilot typically funding up to USD 10 million. Without GCF commitment, SIM does not expect to reach the target fund size, reducing the number of loans to farmer and therefore reducing climate impacts.
134. The RCF-DCF Project operates on the principle of minimum concessionality so that it facilitates the sustainable long-term transformation of commercial finance for sustainable agriculture. While low-cost capital from the GCF is essential at this stage, the RCF-DCF Project will leverage a lot more capital from other sources at market rate. And, in the medium term, the economies of scale of a larger fund created with GCF support will allow it to rely mostly on low-cost capital from senior tranche investors and reduce its dependence on concessional funding.
135. The choice of financial instruments and commercial terms are justified. Soy farmers typically use some form of annual finance to pay for agricultural inputs related to the crop such as seeds, pesticides, and fertilizers. Low interest credit lines linked to DCF soy production provide incentives to farmers through the saving in interest that can be seen as either paying for the protection of the excess native vegetation or offsetting the costs of not converting the land to soy production. Green CRAs are a suitable financial instrument to bundle the loans into an investment vehicle because they are dollar-denominated which is more suitable for international investors.
136. Investment from the GCF is essential at this stage, to reduce cost of capital of the Co-Investment Vehicles the RCF Impact Fund invests in. Without GCF funding, the all in cost of capital to farmers would be close to 10% per annum (in USD), while blending GCF funding would result in an average rate of 8.6% per annum. This reduction in lending rate to is the main incentive to farmers to forego their legal rights to expand into native vegetation.
137. With relation to economic returns, investment in the RCF-DCF Project will result in environmental impacts that otherwise would not happen. Without GCF funding, the economics of the RCF-DCF Project would not work as a means of providing financial incentives for farmers to forego their legal rights to expand into native vegetation.
138. The project aims to achieve a mitigation outcome of nearly 25.58 MtCO<sub>2</sub>e. A recent jurisdictional REDD+ deal between Pará state and the LEAF Coalition was priced at USD \$15 / tCO<sub>2</sub>e.<sup>14</sup> Average verified emission reductions credits in the voluntary carbon market (VCM) are priced lower, with Forestry and Land Use carbon credits at USD 9.27 / tCO<sub>2</sub>e in 2024 and agricultural credits at USD 7.66 /

<sup>14</sup> <https://emergentclimate.com/wp-content/uploads/2024/09/Para-ERPA-announcement-Emergent-Final.pdf>

tCO<sub>2</sub>e.<sup>15</sup> It is important to note that voluntary carbon markets have received negative press in the last two years which has reduced investor appetite. The Total VCM market transaction volume declined by 25% and average price declined by 5.5 percent in 2024. A useful measurement is the shadow price of carbon used by the World Bank to value carbon emissions and emission reductions in the economic analysis of investment project financing. Using a base year of 2017 USD, shadow carbon prices of USD 50 and USD 100 per ton of CO<sub>2</sub>e (equivalent to USD 65 – USD 132 in today's prices) are expected by 2030 to achieve the temperature goal of the Paris Agreement, provided a supportive policy environment is in place.<sup>16</sup> In comparison, the RCF-DCF Project uses financial instruments that will return the investments at the end of the fund's life, and pay a coupon annually. This makes the cost of carbon mitigation zero.

139. Alongside avoided GHG emissions, the project will also lead to 904,640 ha coming under sustainable land use, for an indicative cost of USD 470 / ha.

---

<sup>15</sup> Forest Trends' Ecosystem Marketplace. 2025. State of the Voluntary Carbon Market 2025. Washington DC: Forest Trends Association.

<sup>16</sup> High-Level Commission on Carbon Prices. 2017. Report of the High-Level Commission on Carbon Prices. Washington, DC: World Bank. License: Creative Commons Attribution CC BY 3.0 IGO

## E. LOGICAL FRAMEWORK

*This section refers to the project/programme's logical framework in accordance with the GCF's Integrated Results Management Framework to which the project/programme contributes as a whole, including in respect of any co-financing.*

### E.1. Project/Programme Focus

*Please indicate whether this proposal is for a mitigation or adaptation project/programme. For cross-cutting proposals, select both.*

- Reduced emissions (mitigation)  
 Increased resilience (adaptation)

### E.2. GCF Impact level: Paradigm shift potential (max 600 words, approximately 1-2 pages)

*This section of the logical framework is meant to help a project/programme monitor and assess how it contributes to the paradigm shift described in section D.2 above by applying three assessment dimensions - scale, replicability, and sustainability.*

*Accordingly, for each assessment dimension (see the definition per assessment in the accompanying guidance note), describe the current state (baseline) and the potential scenario (target) and rate the current state (baseline) by using the three-point-scale rating (low, medium, and high) provided in the guidance note. Also describe how the project/programme will contribute to that shift/ transformation under respective assessment dimensions (scale, replicability and sustainability). In doing so, please refer to section B.2(a) (theory of change).*

Assessment Dimension	Current state (baseline)		Potential target scenario (Description)	How the project/programme will contribute (Description)
	Description	Rating		
<b>Scale</b>	<p>Concessional commercial financing for DCF soy production is currently scarce.</p> <p>A limited number of private investors are willing to take the risk to invest in these models due to an insufficient risk/return ratio.</p>	<u>Low</u>	<p>Initiated as the RCF Pilot, SIM aims to scale-up to become the RCF-DCF Project by mobilizing junior capital from public institutions in order to de-risk senior investment from larger private investors. With a target fund size of USD 425 million, capital mobilization under the RCF-DCF Project would increase the fundraising achieved by the RCF Pilot by more than eight times. RCF-DCF Project investors will have greater confidence to invest in DCF soy production.</p>	<p><i>Describe key applicable outputs and or resulting outcomes relevant to increasing (scaling up) quantifiable results within and beyond the scope of the intervention.</i></p> <p>The RCF-DCF Project will contribute to demonstrating the financial viability of sustainable agriculture from a commercial perspective, and to establish precedents for financing these business models.</p>

<p><b>Replicability</b></p>	<p>The replication of sustainable agriculture businesses is hampered by the perceived or actual insufficient risk/return ratio to finance the costs associated with business models that align incentives between agricultural production and landscape protection. Investors seeking exposure to this space must repeatedly “start from scratch”, learning the same lessons and slowing replication.</p>	<p><u>Low</u></p>	<p>The RCF-DCF Project will generate reliable data, information and processes for the assessment, implementation and monitoring of sustainable agriculture business models, which enables the replication of such investments in the rest of of the soy sector, as well as other agri-commodities.</p>	<p><i>Describe key applicable outputs and resulting outcomes that will be replicated to other sectors, markets, geographical regions, or countries.</i></p> <p>The RCF-DCF Project will demonstrate the financial viability of incorporating high standards of environmental and social sustainability, creating a virtuous cycle of successful investments that will attract further financing to this space.</p> <p>SIM will use its experience implementing the RCF-DCF Project to create case studies and lessons learned which will be shared with other stakeholders in Brazil’s agri-commodity sector further enhancing the capacity of financing institutions, private investors and the government to support sustainable agriculture businesses.</p>
<p><b>Sustainability</b></p>	<p>There is not enough concessional capital available to de-risk further investments from commercial investors to increase financing flows in DCF soy production.</p>	<p><u>Low</u></p>	<p>The GCF’s de-risking role will crowd-in private investors to mobilize financing at scale and contribute to a “new normal” where fundraising for sustainable agricultural does not attract a special risk premium.</p>	<p>The RCF-DCF Project will carry out rigorous monitoring and reporting of financial performance, as well as social and environmental outcomes. This will help to build the narrative that environmental covenants need to be included in all credit lines in order to encourage soy production alongside native vegetation protection.</p>

**E.3. GCF Outcome level: Reduced emissions and increased resilience (IRMF core indicators 1-4, quantitative indicators)**

Select appropriate IRMF core and supplementary indicators to monitor project/programme progress. More than one IRMF (core and or supplementary) indicators may be selected as applicable for each GCF results area and project/programme outcome (as defined in the table in section B.2(b)). If IRMF indicators are unable to measure any given project/programme outcomes, project/programme-specific indicators should be developed under section E.5 (project/programme specific indicators).

GCF Result Area	IRMF Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final <sup>17</sup>	
<u>MRA4 Forestry and land use</u>	<u>Core 1: GHG emissions reduced, avoided or removed/sequestered</u>	<p>Sources of information and methods used to collect and report data /information to measure progress against targets</p> <p>Annual reporting of expected impact at the project-level by AE. Remote sensing, using Landsat images, MapBiomas maps, Brazil vegetation classification maps, and PRODES deforestation alerts will be used to assess the native vegetation protected and the carbon that it contains. Soil carbon will be estimated using references from scientific literature.</p> <p>The results will be verified by an independent consultant.</p>	0	10,871,983tCO <sub>2</sub> e	25,580,079 tCO <sub>2</sub> e for both implementation period (12 years) and lifetime of the project (20 years).	<p>Derisking will stimulate sufficient investor appetite to invest capital into DCF soy production.</p> <p>Soy farmers are willing to commit to DCF soy production.</p> <p>Baseline and targets are estimated using carbon stock values from Brazil's National Forest Reference Emission Level. See Annex 22 for more details</p>
<u>Choose an item.</u>	<u>Choose appropriate indicators and supplementary indicators</u>					

<sup>17</sup> The final target means the target at the end of project/programme implementation period. However, for core indicator 1 (GHG emission reduction), please also provide the target value at the end of the total lifespan period which is defined as the maximum number of years over which the impacts of the investment are expected to be effective.

<b>E.4. GCF Outcome level: Enabling environment (IRMF core indicators 5-8 as applicable)</b>					
<i>Select at least two relevant IRMF core (enabling environment) indicators to monitor and elaborate the baseline context and project/programme's targeted outcome against the respective indicators. Rate the current state (baseline) vis-à-vis the target scenario and select the geographical scope of the outcome to be assessed. Describe how the project/programme will contribute towards the target scenario. Refer to a case example in the accompanying guidance to complete this section.</i>					
<b>Core Indicator</b>	<b>Baseline context (description)</b>	<b>Rating for current state (baseline)</b>	<b>Target scenario (description)</b>	<b>How the project will contribute</b>	<b>Coverage</b>
<u>Core indicator 7: Degree to which GCF Investments contribute to market development/transformation at the sectoral, local, or national level</u>	International investors are reluctant to invest in Brazilgreen CRAs) due to perceived/actual risks. There is currently an insufficient price premium for DCF soy and credit lines generally have no environmental covenants	<u>low</u>	Farmers wishing to commit to DCF soy production have access to credit lines at attractive prices. Commercial investors have more experience and confidence to invest in Brazil green CRAs.	By derisking initial investments, the RCF-DCF Project will give institutional investors confidence in investing in Brazil green CRAs reducing their perceived risk for future investments.	<u>National level (one country)</u>
<u>Core indicator 8: Degree to which GCF investments contribute to effective knowledge generation and learning processes, and use of good practices, methodologies and standards</u>	Low interest credit lines are not the typical means of incentivizing DCF soy production, and are not familiar to farmers or other lenders in Brazil's agri-commodity sector.	<u>low</u>	Low interest credit lines become common practice to incentivize DCF soy production and other DCF agri-commodities in Brazil.	The RCF-DCF Project will promote low interest credit lines to soy farmers through the farmer origination pipeline process and through dialogues with aggregators.  The RCF-DCF Project will create and publish lessons learned resources to share with other lenders in Brazil's agri-commodity sector.	<u>National level (one country)</u>
<u>Choose an item.</u>		<u>Choose an item.</u>			<u>Choose an item.</u>
<u>Choose an item.</u>		<u>Choose an item.</u>			<u>Choose an item.</u>

**E.5. Project/programme specific indicators (project outcomes and outputs)**

*This section should list out project/programme-specific performance indicators (outcomes and outputs) that are not covered in sections above (E.1-E.4). List down tailored indicators to monitor /track progress against relevant project/programme results (outcomes/outputs). AEs have the freedom to decide against which outcomes they would like to set project/programme specific indicators. If any co-benefits are identified in sections B.2(a)(b), and D.3, AEs are encouraged to add and monitor co-benefit indicators under the “Project/programme co-benefit indicators” section in table below. Add rows as needed.*

*Please number each outcome and output as shown below to indicate association of outputs to the contributing outcome. The numbering for outputs under this section should correspond to the output numbering in annex 4 (detailed budget plan).*

Project/programme results (outcomes/ outputs)	Project/programme specific Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final	
Outcome 1 Increased private sector finance for deforestation and conversion-free soy production business models	Increased volume or percentage of private sector finance mobilised for reducing deforestation	External reports	0	USD 5 billion	USD 10 billion	Market conditions are favourable for deforestation and conversion-free business models
Output 1.1 The RCF Impact Fund is operational and is raising capital for co-investment vehicles	Amount of capital fundraised and mobilized (in USD)	Investment commitments	0	USD 425,000,000	USD 425,000,000	Market conditions remain favourable for fundraising under expected financial terms
Output 1.2 Capital deployed to farmers engaged in deforestation and conversion-free soy production	Amount (in USD) disbursed to farmers	Loan agreements Financial accounts / audit	0	USD 425,000,000	USD 425,000,000	Sufficient pool of farmers that meet RCF-DCF Project eligibility criteria
Output 1.2 Capital deployed to farmers engaged in deforestation and conversion-free soy production	Number of farms financed with at least one female owner	Loan agreements	0	50% of farms financed	50% of farms financed	Sufficient pool of farms with at least one female owner that meet the RCF-DCF Project eligibility criteria

Output 1.3 RCF-DCF Project impacts monitored and verified to ensure transparency and drive replication of environmentally focused lending	Impacts are verified	Annual verification reports	0 reports	6 reports	12 reports	
<b>Project/programme co-benefit indicators</b>						
Co-benefit 1 Improved ecosystem management and biodiversity	Number of hectares of native vegetation	GIS analysis using landsat images	0	379,949 ha	379,949 ha	Assuming farmers meet legal reserve requirements and have an average of 5% native vegetation in excess of these requirements
Co-benefit 2 Improved knowledge of farmers of the need for gender equality and SEAH prevention of SEAH, and women's participation in the soybean value chain strengthened.	Number of farmers who have received communications materials and attended workshop on gender equality and SEAH	Communications distribution lists, registers of attendance for workshops	0	75 farmers	150 farmers	Farmers are willing and able to attend workshops

<b>E.6. Project/programme activities and deliverables</b>			
<p><i>All project activities should be listed here with a description and sub-activities. Significant deliverables should be reflected in annex 5 implementation timetable. Add rows as needed.</i></p> <p><i>Please number the activities as shown below to indicate association of activities to the related outputs provided above in section E.5. Similarly, please number sub-activities as shown below to associate to the related activity.</i></p>			
<b>Activities</b>	<b>Description</b>	<b>Sub-activities</b>	<b>Deliverables</b>
Activity 1.1.1 Set-up the investment vehicle	Structuring a scalable investment vehicle.	Sub-activity 1.1.1.1 Incorporate SCSp in Luxembourg	Investment vehicle is operational
Activity 1.1.2 Attract private and public investment	Fundraising of co-financing capital from public institutions and private investors.	Sub-activity 1.1.2.1 Onboard and reach legal agreements with new investors. Sub-activity 1.1.2.2 Consummate subsequent closings and reach target size.	Capital is raised for investment vehicles
Activity 1.2.1 Identify investment pipeline	Originate farmers who comply with the RCF-DCF Project eligibility criteria.	Sub-activity 1.2.1.1 Work with credit analyst Traive to identify soy farmers. Sub-activity 1.2.1.2 Work with aggregators to identify soy farmers. Sub-activity 1.2.1.3 Run credit checks (Traive) and environmental and social checks (SIM) to establish compliance of farmers with RCF-DCF project eligibility criteria.	Farmers eligible for participation in the RCF Impact Fund identified
Activity 1.2.2 Deploy capital to soy farmers that commit to deforestation and conversion-free practices	Deploy capital to soy farmers that commit to deforestation and conversion-free practices.	Sub-activity 1.2.2.1 Present eligible farmer list to investor committee for approval. Sub-activity 1.2.2.2 Sign loan agreements with farmers.	Capital deployed
Activity 1.2.4 Monitor and manage portfolio performance	On-going monitoring of farmer compliance with eligibility criteria	Sub-activity 1.2.4.1 Monthly checks against eligibility criteria for all farmers in portfolio	Monitoring Report written
Activity 1.3.1 Conduct independent verification of fund impacts	Appoint independent consultant to assess the fund impacts	Sub-activity 1.3.1.1 Appoint independent consultant Sub-activity 1.3.1.2 Consultant assesses the fund impacts	Independent verification completed and report written

### E.7. Monitoring, reporting and evaluation arrangements (max. 500 words, approximately 1 page)

*Besides the arrangements (e.g. annual performance reports) laid out in Accreditation Master Agreement (AMA), please give a summary of the project/programme specific arrangements for monitoring, reporting and evaluation including a description of the monitoring and reporting system that will be used to assess the climate results of the proposed activity. Please also summarize the types of interim and final evaluations. Describe Accredited Entity (AE) project reporting relationships, including to the National Designated Authority (NDA)/Focal Point and between AE and Executing Entity (EE) as relevant, identifying reporting obligations from the EE to the AE. This should relate to the frequency of reporting on project indicators, implementation challenges and financial status. Please note that interim and final evaluations are expected to embed an assessment of project/programme's contributions to a paradigm shift and enabling environment using a three-point scale rating. Refer to the guidance note for the summary requirements and factor in additional evaluation /assessment activities under this section accordingly.*

140. SIM is responsible for regular reporting to GCF. An annual performance report (APR) will be submitted to the GCF following reporting requirements under the AMA. The APR will be prepared by SIM according to its contractual requirements under this project, and will include a narrative report on implementation progress based on the logical framework submitted in the Funding Proposal and considerations on the ongoing performance of the Funded Activity against the Fund's investment framework criteria, including updates on the indicators as per the guidance provided by the Fund's Integrated Results Management Framework, and a report on ESS as well as gender.
141. SIM is responsible for regular reporting to the National Designated Authority (NDA). SIM will prepare and submit an annual report to the NDA which will include a narrative report on implementation progress, the current status of project indicators, and the state of ESS targets, including gender. Any other reporting requested by the NDA will be fulfilled in a timely fashion.
142. A publicly available annual report documenting the impacts of the project will be published on SIM's website each year and sent to stakeholders. This will include data disaggregated by gender and race.
143. Monitoring of indicators will be carried out by SIM and a service provider (BVRio), with external verification completed by a separate service providers, including those specialized in gender and SEAH metrics (to be appointed). This will include the monitoring of the climate results of the proposed activity, which will use a modified version of the Verra module VMD0006 Estimation of Baseline Carbon Stock Changes and Greenhouse Gas Emissions from Planned Deforestation/Forest Degradation and Planned Wetland Degradation, version 1.4<sup>18</sup> and Verra module VMD0015 Methods for Monitoring of GHG Emissions and Removals in REDD and CIW Projects (M-REDD) v2.2<sup>19</sup>.
144. SIM is responsible for commissioning interim (at year 6) and final evaluations (at year 12) of the project. The evaluations will include any necessary corrective measures (in the case of interim reports), an assessment of the performance of the Funded Activity against the GCF's investment framework criteria, including financial/economic performances as part of the Funded Activity efficiency and effectiveness criterion, as well as the sustainability and scalability of results and impacts and lessons learned, during the relevant period. The reports will also include an assessment of the project's contributions to a paradigm shift and enabling environment using a three-point scale rating. Interim and final evaluation reports shall be prepared by an independent evaluator selected by SIM and reasonably acceptable to the GCF. The interim evaluation report will be submitted three months after the mid-point of the project. The final copies of these reports will also be forwarded to the NDA for information.

<sup>18</sup> <https://verra.org/wp-content/uploads/2023/11/VMD0006-Estimation-of-carbon-stocks-from-planned-def-forest-deg-and-planned-wetland-deg-BL-PL-v1.4.pdf>

<sup>19</sup> <https://verra.org/wp-content/uploads/2023/11/VMD0015-Methods-for-Monitoring-Greenhouse-Gas-Emissions-and-Removals-M-REDD-v2.3.pdf>

## F. RISK ASSESSMENT AND MANAGEMENT

### F.1. Risk factors and mitigations measures (max. 3 pages)

Please describe financial, technical, operational, macroeconomic/political, money laundering/terrorist financing (ML/TF), sanctions, prohibited practices, and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures. Insert additional rows if necessary.

For probability: High has significant probability, Medium has moderate probability, Low has negligible probability

For impact: High has significant impact, Medium has moderate impact, Low has negligible impact

Prohibited practices include abuse, conflict of interest, corruption, retaliation against whistleblowers or witnesses, as well as fraudulent, coercive, collusive, and obstructive practices

#### Selected Risk Factor 1

Category	Probability	Impact
<u>Legal</u>	<u>Low</u>	<u>High</u>
<b>Description</b>		
Brazil Government change the Forest Code, reducing the required areas of native vegetation on farms.		
<b>Mitigation Measure(s)</b>		
To mitigate a reduction in the required areas of native vegetation on farms, the RCF-DCF Project would increase the incentives to match the increase in the size of native vegetation in excess of legal reserves and the opportunity costs associated with not converting the land. Depending on the typical interest rates in Brazil at the time, this may be possible without significantly impacting investor returns.		

#### Selected Risk Factor 2

Category	Probability	Impact
<u>Technical and operational</u>	<u>Low</u>	<u>Medium</u>
<b>Description</b>		
Funds are not managed and reported adequately.		
<b>Mitigation Measure(s)</b>		
A monitoring and reporting system was established during the RCF Pilot's operating period including investees being subject to credit analysis prior to approval. Annual fund finance audits are in place, carried out by Opea, the securitization agent. The RCF-DCF Project's governance structure includes very high transparency, annual public reports, and a Credit Committee that employs international best practice.		

#### Selected Risk Factor 3

Category	Probability	Impact
<u>Financial</u>	<u>Low</u>	<u>Medium</u>
<b>Description</b>		
The project fails to 'crowd in' the ambitious level of complementary commercial finance that it expects.		
<b>Mitigation Measure(s)</b>		
First-loss GCF investment, combined with other sources of risk-taking capital will overcome the high (perceived) risk and lower the entry barrier for international private sector investors. The return the RCF-DCF Project can offer from its portfolio to all investors, concessional or commercial, is attractive for the amount of risk protection provided.		

Selected Risk Factor 4		
Category	Probability	Impact
<u>Money laundering/terrorist financing (ML/TF)</u>	<u>Low</u>	<u>Medium</u>
Description		
Risk that the RCF Impact Fund is misused for money laundering (“ML”) and terrorism financing (“TF”) or any other financial misconduct or crime.		
Mitigation Measure(s)		
<p>SIM and Opea (the Securitization Agent) have AML/CFT Policies and Opea has a dedicated AML/CFT Compliance Officer aiming to ensure that ML/TF risks in the process of fundraising for the RCF-DCF Project is properly identified, monitored, mitigated and reported in order to prevent the project from being misused for ML/TF or any other financial misconduct or crime. SIM recognises three levels of client due diligence (CDD) which is carried out before working with a client is approved: Standard CDD, Simplified Due Diligence (“SDD”) and Enhanced Due Diligence (“EDD”). Triggers for an EDD procedure include:</p> <ul style="list-style-type: none"> <li>• in any case identified by SIM as one where there is a high risk of money laundering or terrorist financing;</li> <li>• in any transaction or business relationship with a person established in a high-risk third country (defined by UK Government <a href="https://www.gov.uk/government/publications/money-laundering-and-terrorist-financing-controls-in-overseas-jurisdictions-advisory-notice">https://www.gov.uk/government/publications/money-laundering-and-terrorist-financing-controls-in-overseas-jurisdictions-advisory-notice</a>);</li> <li>• in relation to correspondent relationships;</li> <li>• if SIM has identified a client or potential client is a Politically Exposed Person (“PEP”), or a family member or known close associate of a PEP (see below for additional details);</li> <li>• in any case where a client has provided false or stolen identification documentation or information on establishing a relationship;</li> <li>• in any case where: <ul style="list-style-type: none"> <li>○ a transaction is complex and unusually large, or</li> <li>○ there is an unusual pattern of transactions, or</li> <li>○ the transaction or transactions have no apparent economic or legal purpose;</li> </ul> </li> <li>• in any other case which by its nature can present a higher risk of money laundering and terrorist financing.</li> </ul> <p>Where it is recognized that a potential client requires EDD, and therefore is potentially higher risk, working with the client will not be approved. This makes the residual risk low.</p> <p>Periodic monitoring of service providers is carried out by SIM and contracts are renewed or declined depending on the outcomes. Any activity that could be construed as suspicious is reported to the appropriate authorities.</p> <p>Whistleblowing channels are available on both SIM and Opea websites.</p>		
Selected Risk Factor 5		
Category	Probability	Impact
<u>Other - Reputation</u>	<u>Low</u>	<u>Medium</u>
Description		
The RCF-DCF Project’s inability to meet perceived expectations of its stakeholders in terms of promoting its high standards of integrity and social and environmental sustainability.		
Mitigation Measure(s)		

<p>Strict eligibility criteria have been developed to ensure that all participating farmers meet the social and environmental standards of the RCF-DCF Project. Any farmers or farms found in breach of the criteria will be swiftly expelled from the fund. An Environmental Advisory Board provide advice and guidance to ensure that the standards remain high.</p>		
<b>Selected Risk Factor 6</b>		
<b>Category</b>	<b>Probability</b>	<b>Impact</b>
<u>Other</u>	<u>Medium</u>	<u>Medium</u>
Description		
Volatility and cyclical of agricultural commodity prices impact borrowers' ability to meet repayment obligations.		
Mitigation Measure(s)		
<p>The RCF-DCF Project will carry out a full credit analysis of potential participants to ensure they have the collateral to meet repayment obligations.</p> <p>A maximum loan size per farming group will be put in place to reduce to overall risk to the fund of individual groups becoming unable to repay loans.</p>		
<b>Selected Risk Factor 7</b>		
<b>Category</b>	<b>Probability</b>	<b>Impact</b>
<u>Other</u>	<u>Medium</u>	<u>Medium</u>
Description		
Weather conditions such as El Nino reduce crop yields which impact borrowers' ability to meet repayment obligations.		
Mitigation Measure(s)		
The RCF-DCF Project will implement a geographic diversification strategy to ensure that the locations of loans are spread out and so less likely to all be impacted by weather conditions if they occur.		
<b>Selected Risk Factor 8</b>		
<b>Category</b>	<b>Probability</b>	<b>Impact</b>
Financial		
Description		
Exchange rate risk		
<p>The soy sector is dollarized, as most of the inputs prices are related to the USD, and the soy price follows the Chicago Stock Exchange (in USD). Soy producers, even financed in Reais, are therefore highly exposed to the dollar variation.</p>		
Mitigation Measure(s)		
<p>The full operation financed by the project is indexed by the US dollar, mitigating the farmer's exposure to the dollar variation, as both their liability resulting from the loan agreement with the RCF-DCF Project (the CPR) and the soy offtake agreement whereby they sell the soy to the traders, are indexed to the USD. Farmers will be encouraged to sign off-take agreements with soy traders as soon as possible after receiving the loan from the RCF-DCF Project to further reduce the risk of exchange rate fluctuation.</p>		

## G. GCF POLICIES AND STANDARDS

### G.1. Environmental and social risk assessment (max. 750 words, approximately 1.5 pages)

145. **Environmental and Social risk classification:** The proposed RCF-DCF Project is expected to generate positive environmental impacts as it enables the production of DCF soy in the Cerrado, Brazil. The project requires farmers to meet eligibility criteria which are designed to exclude farmers with environmental and/or social risks that cannot be mitigated by the project. The criteria include: no deforestation or conversion of native vegetation after 1<sup>st</sup> January 2020; compliance with the Forest Code; unquestionable right to use the land; compliance with labour legislation, and compliance with internationally-accepted rules for the use of agrochemicals. Farmers that do not meet this criteria are not eligible for RCF-DCF Project credit lines. In accordance with the GCF Environmental and Social Safeguards Requirements, the overall project rating according to IFC is categorized as I2, which is defined as “when an FI’s existing or proposed portfolio is comprised of, or is expected to be comprised of, business activities that have potential limited adverse environmental or social risks or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.”
146. **Environmental and Social Management System:** Based on its commitment to identifying and addressing the ESG risks and impacts associated with its activities, SIM developed an Environmental and Social Management System (ESMS). This ESMS has been designed in accordance with Good International Industry Practice principles (GIIP) and international lenders’ standards, such as the IFC Performance Standards. The full ESMS can be found in Annex 6.
147. It provides a framework defining roles and responsibilities, quantitative and qualitative objectives, policies, procedures and tools for ESG management. As such, the ESMS enables SIM to improve its ESG performance through the systematic control and management of the organization’s ESG risks and responsibilities through:
- Identifying risks and responsibilities over which it has control or influence
  - Developing action plans and procedures to respond to and manage significant risks
  - Facilitating compliance with ESG policies, legislative and other obligations
  - Measuring progress in achieving improved ESG performance.
148. Environmental risks cover potential negative impacts on the natural environment while social risks cover potential negative impacts on indigenous and local communities, project stakeholders and the workforce. Governance risks, in this context, are restricted to the governance of E&S risks and include risk of corruption, of child labour, forced labour, strength of the environmental regulations.
149. The topics covered by the risk assessment are:
- Legal and Regulatory E&S compliance
  - Certifications and Standards
  - Environmental and Social Assessment and Management
  - Pollution Control, Energy and Water use
  - Biodiversity Conservation
  - Human resources Policies & Procedures
  - Health & Safety at work
  - Community Health, Safety and Security
  - Land Tenure and Land Use Change
  - Indigenous Peoples’ Rights and interests
  - Stakeholder Engagement and Grievance Management
  - Gender

- Cultural Heritage

150. **Impact assessment:** Key Performance Indicators presented in Annex 6 and Annex 11. They allow for the assessment of the impacts of the RCF-DCF Project at both a farm level and at a portfolio level.
151. **Information disclosure:** In accordance with GCF information disclosure requirements, the ESMS will be translated and disclosed in English and Portuguese on the SIM website 30 days before the forty-fourth meeting of the GCF Board (B.44).
152. Please note that the RCF-DCF Project does not have any activities that involve or impact indigenous peoples. This is by design to avoid reduce the risk that landgrabbing may have occurred by farmers wishing to participate in the project. The RCF-DCF Project eligibility criteria specifies that the farm to be financed must not overlap with conservation units, indigenous reservations, or community lands (including quilombos). SIM checks this criteria using GIS of farm polygons and nationally produced maps.

## G.2. Gender assessment and action plan (max. 500 words, approximately 1 page)

153. SIM has prepared a Gender Assessment to inform the project design of the GCF Funding Proposal and contribute towards generation of gender outcomes. The full assessment can be found in Annex 8 and has been developed according to the guidance provided by the GCF on mobilising gender action through climate finance.
154. The overall objective of the gender assessment is to understand gender-sensitive development impact opportunities of the RCF-DCF Project.
155. In Brazil, the labour force participation for women in agribusiness is 28%, compared to 53% for all sectors. This encompasses the four agribusiness segments: agricultural inputs, primary agriculture production, agro-industrial processing, and agri-services. When each segment is looked at in detail, only 20% of the workforce on farms are female, regardless of the production type and only 11% of the workforce are female on grain-producing farms, the category which includes soy. Part of this difference is due to the historical demand for greater or lesser physical strength in the activities. A survey of RCF Pilot farms carried out by Produzindo Certo found that there was an average of 15% of female employees on each farm.
156. The vast majority of women in agribusiness work in administrative roles rather than field roles. Administrative roles include office work, kitchen work and general cleaning services. For the RCF Pilot soy farms interviewed, over half the women worked in the kitchen, while just 7% worked in the field. Despite the low incidence of women in the field, their education level is high, typically university level.
157. In terms of farm ownership, the percentage of farming groups financed by the RCF Pilot with at least one female owner has increased since the implementation of the fund (see Table 9).

*Table 9. Gender distribution of farming groups financed by the RCF Pilot*

Portfolio	Farming groups financed	Number of groups with at least one female owner	% of groups with at least one female owner
2022	8	0	0
2023	23	6	26%
2024	8	3	38%

158. The Gender Action Plan for the RCF-DCF Project has three main activities. The first is to preferentially invest in farms that commit to deforestation and conversion free soy production which have at least one female owner, providing they comply with the other eligibility criteria. The target will be 50% of farming groups at the portfolio level. The assumption is that farms with female owners are more likely to create gender inclusive workplaces for women to thrive. The second is to require farms financed by the RCF-DCF Project comply with Brazilian legislation relating to gender equality and SEAH risks. The target for this is for 100% of the contracts with farmers to include clauses requiring compliance with Brazilian legislation relating to gender equality and SEAH risks. The third is to raise public awareness of the need for gender equality in agribusiness, promoting the creation of an egalitarian culture, where there is space for both genders and accelerating the market transition moment. This will be achieved through collaborations with other initiatives. Through these collaborations the project will provide workshops to raise awareness on gender equality and women's leadership, develop educational materials (booklets, videos, podcasts) that accessibly explain the importance of gender equity in agribusiness sustainability, conduct communication and engagement campaigns about the role of women in the sustainable soybean chain, and promote safe working conditions and reporting channels to prevent and respond to cases of harassment and violence in rural settings. The project will also collaborate with organisations that offer legal and financial advisory services for formalisation and strengthening of women's networks in agribusiness.
159. Agriculture in Brazil is not currently gender inclusive. Women are under-represented and typically work in administrative roles. Gender diversity is also a novel topic. Produzindo Certo field technicians which carried out the assessment of RCF Pilot farms experienced a pattern of resistance from interviewees and property leaders and also experienced mild difficulties in articulating the interviews when discussing gender. This demonstrates that the agribusiness sector sees the topic of gender diversity as something new and therefore also needs to be educated about it.
160. This means that recommendations to improve gender equality on the farms that receive finance from the RCF-DCF Project have to be realistic and aim for incremental steps up from the low baseline. This is why the project will focus on championing female owned farms, requiring compliance with gender equality and SEAH legislation, raising public awareness about gender equality, and working in collaborations with organisations that are well-placed and well-equipped to improve gender equality in the wider agribusiness sector

### G.3. Financial management and procurement (max. 500 words, approximately 1 page)

161. Section B.4 Implementation Arrangements describes the contractual relationship between SIM as AE, the RCF Impact Fund, and the farmers who receive loans. The detailed provisions regarding financial management of GCF resources by the AE will be described in the FAA. SIM will have overall responsibility for project implementation and will be responsible as AE for all funds of the RCF-DCF project.
162. GCF funds will be transferred to SIM UK according to capital calls needed to invest in RCF Impact Fund and its corresponding Investment Vehicles.
163. SIM will structure a series of programs financed mainly through the agribusiness receivable certificates (Certificados de Recebíveis do Agronegócio-CRA) issued by a securitization entity, whose underlying assets are receivables on future crops of eligible farmers. Other vehicles may be considered in the future if they become suitable for financing crop finance for soy production.

164. Credit risk analysis and monitoring of farmers will be carried out by a credit and monitoring agent (currently Traive). This includes analyses of indebtedness and debtors, receivables, pledges, total assets, revenue forecast, historic performance, and anti-money laundering.
165. The RCF Impact Fund and other investors will subscribe the CRAs that are registered in a stock exchange in Europe and deposit the funds in a bank account managed by a paying agent. Funds are then transferred to Brazil and paid into the bank accounts of farmers.
166. Audits will be carried out on an annual basis. SIM and the securitization agent will monitor transaction activities relating to disbursement of loans to farmers as well as repayments following international standards. RCF Impact Fund financial statements will be prepared in accordance with international accounting standards (Lux GAAP).

### Reporting

167. SIM as AE will be responsible for reporting to the GCF. Periodic reporting will be provided by SIM to the GCF specifying among others:
- Overall size of the subscribed CRA and profile of investors
  - Notice of the occurrence of any Default, any Mandatory Prepayment Event, material litigation, any material changes to its business, any Prohibited Practices, or any event having a Material Adverse Effect.
168. Such reports will be submitted to the GCF in line with reporting timelines to be captured in the Term Sheet and FAA respectively.

### Procurement

169. The procurement of Goods and Services for Funded Activities, whether by SIM as AE, the RCF Impact Fund, or by a third party, shall be done in accordance with SIM's procurement procedures. Please see Annex 10 for the detailed procurement plan for the project.

### G.4. Disclosure of funding proposal

- No confidential information: The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.
- With confidential information: The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing to the Secretariat the following two copies of the funding proposal, including all annexes:
- full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity's disclosure policy, and
  - redacted copy for disclosure on the GCF website.

The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

## H. ANNEXES

### H.1. Mandatory annexes

- Annex 1 NDA no-objection letter(s) ([template provided](#))
- Annex 2 Feasibility study - and a market study, if applicable
- Annex 3 Economic and/or financial analyses in spreadsheet format
- Annex 4 Detailed budget plan ([template provided](#))
- Annex 5 Implementation timetable including key project/programme milestones ([template provided](#))
- Annex 6 E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3):  
  - Environmental and Social Impact Assessment (ESIA) or
  - Environmental and Social Management Plan (ESMP) or
  - Environmental and Social Management System (ESMS)
  - Others (Indigenous Peoples Planning Framework, Stakeholder Engagement Framework)
- Annex 7 Summary of consultations and stakeholder engagement plan
- Annex 8 Gender assessment and project/programme-level action plan ([template provided](#))
- Annex 9 Legal due diligence (regulation, taxation and insurance)
- Annex 10 Procurement plan ([template provided](#))
- Annex 11 Monitoring and evaluation plan ([template provided](#))
- Annex 12 AE fee request ([template provided](#))
- Annex 13 Co-financing commitment letter, if applicable ([template provided](#))
- Annex 14 Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

### H.2. Other annexes as applicable

- Annex 15 Evidence of internal approval ([template provided](#))
- Annex 16 Map(s) indicating the location of proposed interventions
- Annex 17 Multi-country project/programme information ([template provided](#))
- Annex 18 Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
- Annex 19 Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity
- Annex 20 First level AML/CFT (KYC) assessment
- Annex 21 Operations manual (Operations and maintenance)
- Annex 22 Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting-projects)<sup>20</sup>
- Annex X Other references

\* Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.

<sup>20</sup> Annex 22 is mandatory for mitigation and cross-cutting projects.



MINISTÉRIO DA FAZENDA  
Secretaria de Assuntos Internacionais  
Subsecretaria de Financiamento ao Desenvolvimento Sustentável  
Coordenação-Geral de Finanças Sustentáveis

Carta SEI nº 113/2025/MF

To: The Green Climate Fund (“GCF”)

Brasília, on the date of the electronic signature.

**Re: Expression of nomination and no-objection for the Funding Proposal titled “Responsible Commodities Facility – Deforestation and Conversion Free (RCF-DCF): Finance for soy production in the Cerrado, Brazil” submitted by Sustainable Investment Management (SIM) under the project specific assessment approach**

Dear Madam, Sir,

We refer to the funding proposal titled “Responsible Commodities Facility – Deforestation and Conversion Free (RCF-DCF): Finance for soy production in the Cerrado, Brazil” in Brazil submitted by Sustainable Investment Management (SIM) to us on 23/09/2025 under the project specific assessment approach (the “Proposal”).

The undersigned is the duly authorized representative of the Secretariat for International Affairs of the Ministry of Finance, the National Designated Authority of Brazil.

Pursuant to GCF Decisions B.08/10, B.37/22, and B.41/02, the content of which we acknowledge to have reviewed, in my capacity as representative of the National Designated Authority, we hereby communicate our no-objection to the Proposal.

Additionally, pursuant to paragraph 47 of the Governing Instrument for the Green Climate Fund and the GCF Board decision B.31/06 on the implementation of the PSAA, in my capacity as representative of the National Designated Authority, for Brazil, I hereby nominate the entity below in connection with the Proposal:

Sustainable Investment Management (SIM)

Pedro Moura Costa

Rua Visconde de Pirajá, 407 - Escritório 201, Rio de Janeiro/RJ, Brazil - 22410-003

Phone: +55 21 3596-4006

E-mail: pedro.mouracosta@sim.finance

By communicating our no-objection, it is implied that:

- a) The government of Brazil has no-objection to the Proposal; and
- b) The Proposal is in conformity with the national priorities, strategies and plans of Brazil.

We also confirm that our national process for ascertaining no-objection to the Proposal has been duly followed.

Notwithstanding the foregoing, we expect Sustainable Investment Management (SIM) to take the necessary measures to ensure that the project as described in the Proposal is implemented in a manner consistent with applicable national laws.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Document signed electronically

LÍVIA FARIAS FERREIRA DE OLIVEIRA

Operational Focal Point

National Designated Authority of Brazil



Documento assinado eletronicamente por **Lívia Farias Ferreira de Oliveira**, **Coordenador(a)-Geral**, em 06/01/2026, às 17:52, conforme horário oficial de Brasília, com fundamento no § 3º do art. 4º do [Decreto nº 10.543, de 13 de novembro de 2020](#).



A autenticidade deste documento pode ser conferida no site [https://colaboragov.sei.gov.br/sei/controlador\\_externo.php?acao=documento\\_conferir&id\\_orgao\\_acesso\\_externo=0](https://colaboragov.sei.gov.br/sei/controlador_externo.php?acao=documento_conferir&id_orgao_acesso_externo=0), informando o código verificador **56469992** e o código CRC **3787B5E4**.

**ESS disclosure report form for projects or programmes submitted under the  
Project-specific Assessment Approach (PSAA) Pilot**

**Environmental and social report(s) disclosure**

<b>Basic project or programme information</b>	
<b>Project or programme title</b>	Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project)
<b>Existence of subproject(s) to be identified after GCF Board approval</b>	Yes
<b>Sector (public or private)</b>	Private
<b>Name of Entity</b>	Sustainable Investment Management Ltd (SIM)
<b>Environmental and social safeguards (ESS) category</b>	Category I-2
<b>Location – specific location(s) of project or target country or location(s) of programme</b>	Brazil
<b>Environmental and Social Impact Assessment (ESIA) (if applicable)</b>	
Date of disclosure on entity’s website	N/A
Language(s) of disclosure	N/A
Explanation on language	N/A
Link to disclosure	N/A
Other link(s)	N/A
Remarks	N/A
<b>Environmental and Social Management Plan (ESMP) (if applicable)</b>	
Date of disclosure on entity’s website	N/A
Language(s) of disclosure	N/A
Explanation on language	N/A
Link to disclosure	N/A
Other link(s)	N/A
Remarks	N/A
<b>Environmental and Social Management System (ESMS) (if applicable)</b>	
Date of disclosure on entity’s website	Wednesday, February 11, 2026
Language(s) of disclosure	English and Portuguese
Explanation on language	Portuguese is the official language of Brazil.
Link to disclosure	<b>English:</b> <a href="https://sim.finance/wp-content/uploads/2026/02/SIM_RCF-DCF_Project_Project_ESMS_FEB-2026.pdf">https://sim.finance/wp-content/uploads/2026/02/SIM_RCF-DCF_Project_Project_ESMS_FEB-2026.pdf</a>  <b>Portuguese:</b> <a href="https://sim.finance/wp-content/uploads/2026/02/Anexo-06-SIM-RCF-DCF-SGAS.pdf">https://sim.finance/wp-content/uploads/2026/02/Anexo-06-SIM-RCF-DCF-SGAS.pdf</a>
Other link(s)	<a href="https://sim.finance/">https://sim.finance/</a>
Remarks	An ESMS consistent with the requirements for a Category I-2 programme, including the Indigenous Peoples Planning Framework (IPPF), is contained

	in the “Environmental and Social Management System”.
<b>Any other relevant ESS reports, e.g. Resettlement Action Plan (RAP), Resettlement Policy Framework (RPF), Indigenous Peoples Plan (IPP), Indigenous Peoples Planning Framework (IPPF) (if applicable)</b>	
Description of report	Indigenous Peoples Planning Framework (IPPF)
Date of disclosure on entity’s website	Thursday, February 12, 2026
Language(s) of disclosure	English and Portuguese
Explanation on language	Portuguese is the official language of Brazil.
Link to disclosure	<p><b>English:</b>  <a href="https://sim.finance/wp-content/uploads/2026/02/SIM_RCF-DCF_Project_Project_ESMS_FEB-2026.pdf">https://sim.finance/wp-content/uploads/2026/02/SIM_RCF-DCF_Project_Project_ESMS_FEB-2026.pdf</a></p> <p><b>Portuguese:</b>  <a href="https://sim.finance/wp-content/uploads/2026/02/Anexo-06-SIM-RCF-DCF-SGAS.pdf">https://sim.finance/wp-content/uploads/2026/02/Anexo-06-SIM-RCF-DCF-SGAS.pdf</a></p>
Other link(s)	<a href="https://sim.finance/">https://sim.finance/</a>
Remarks	An IPPF is included in the ESMS.
<b>Disclosure in locations convenient to affected peoples (stakeholders)</b>	
Date	Monday, February 23, 2026
Place	<p>The ESMS is available online (<a href="https://sim.finance/">https://sim.finance/</a>) for anyone to access at any time.</p> <p>It is also available at the SIM office, upon request. The current location as of the disclosure date is:</p> <p>Sustainable Investment Management Ltd  Rua Visconde de Pirajá, 407  Escritório 201  Rio de Janeiro  Brasil</p> <p>In addition, it is available at the GCF NDA office, upon request. The current location as of the disclosure date is:</p> <p>Ms. Livia Farias Ferreira de Oliveira  General Coordinator for Sustainable Finance  Esplanada dos Ministérios, Bloco P, 6º andar,  Brasilia, Brasil</p>
<b>Date of Board meeting in which the FP is intended to be considered</b>	
Date of entity’s Board meeting	N/A
Date of GCF’s Board meeting	Wednesday, March 25, 2026

**Note: This form was prepared by the entity stated above.**



## **Secretariat's assessment of the Project-specific Assessment Approach (PSAA) Applicant and FP301**

## **Secretariat’s assessment of the Project-specific Assessment Approach (PSAA) Applicant**

1. The Secretariat has assessed the document titled “PSAA accreditation: application and review checklist” submitted by Sustainable Investment Management Limited (SIM or the “applicant”) against the GCF accreditation standards. The results of the applicant capacity assessment and recommendations for accreditation under the GCF project-specific assessment approach (PSAA) accreditation are presented below.

<b>Overall capacity</b>	<p><b>Medium</b></p> <p>The applicant has established governance and financial management systems, along with a functioning control framework that includes risk management. It has also implemented policies and procedures to prevent money laundering, terrorist financing and other prohibited practices such as fraud and corruption. Its systems provide adequate capacity to manage environmental and social risks, with only a moderate likelihood that such risks could negatively affect its ability to implement the project as planned.</p> <p>Owing to its small size, the entity has limited institutional capacity and a modest track record in certain fiduciary areas, including internal and external audits and the breadth of certain financial management, processes, relative to larger institutions. In this context, it has put appropriate measures in place (e.g. committing to regular audits) and its financial management capacity is supplemented under the proposed structure through outsourced support and arrangements during project implementation. This approach aligns with common industry practice.</p> <p>The applicant also relies on its project partners, who collectively form the implementation structure for the proposed funded activity, to strengthen capacity in specific areas. It has an established history of working with these partners, most of whom will continue in the proposed activity.</p> <p>The applicant does not have a significant history of conducting in-depth gender analyses in previous projects. However, appropriate gender considerations have been integrated into the project design through the funding proposal and the gender action plan.</p>
<b>Fiduciary functions</b>	<p>Basic fiduciary standards</p> <hr/> <p>Specialized fiduciary standard for project management</p> <hr/> <p>Specialized fiduciary standard for on-lending or blending (for loans and equity)</p>
<b>Maximum environmental and social risk category</b>	Limited adverse risks (category B/I-2)
<b>Conditions</b>	Please refer to section 3.2, Recommendations, on project-specific accreditation

2. The Secretariat has augmented its capacity by using external experts to undertake the applicant capacity assessment review.<sup>1</sup> A summary of the assessment is presented in this document.

## I. Applicant capacity assessment summary report

### 1.1 Introduction and institutional assessment

3. SIM is a UK-based environmental finance firm incorporated in 2018. SIM has developed a specialism in designing, structuring and coordinating financial mechanisms for environmental objectives.

4. SIM launched a pilot version of the Responsible Commodities Facility – Deforestation and Conversion Free (RCF-DCF Pilot) in 2022, and the current proposal for the RCF-DCF programme is a scale-up of the pilot. The RCF-DCF will introduce customized credit lines to finance deforestation and conversion-free soy production in the Brazilian Cerrado.

5. GCF has been requested to support the programme through a USD 100 million equity investment in the RCF Impact Fund via SIM. The RCF Impact Fund, through which the GCF will invest in the RCF-DCF financial instruments, will be incorporated in Luxembourg as a special limited partnership and structured as a closed-end fund. At the time of this assessment, the RCF Impact Fund had not yet been established, but it is expected to follow the Luxembourg alternative investment fund manager(AIFM) structure based on industry standards.

### 1.2 Methodology

6. The Secretariat endorsed SIM's concept note in February 2025. SIM submitted its initial accreditation materials for completeness check in September 2025, using the customized application form and the requested documentation. Two further rounds of review were completed in October and November 2025. During these rounds, the Secretariat and the external review team conducted a thorough assessment of SIM's policies, procedures, capacities, track record and human resources against the GCF accreditation standards and checklist.

7. The Secretariat and the external review team also carried out reference check interviews with SIM's existing investors. These interviews confirmed that no significant concerns had arisen regarding SIM's fiduciary performance or other core capacities during their partnerships.

8. Beyond the desk review, the Secretariat conducted a week-long field visit to Brazil in October 2025, during which extensive applicant and programme-level due diligence was conducted with the SIM team, as well as Opea and Traive<sup>2</sup> – two key service providers for the RCF-DCF. Visits were also organized to selected farmers of SIM's existing RCF-DCF programme to further analyze SIM's investment approach. The discussions held provided further evidence of the capacity and procedures in use. The external review team also undertook a site visit to SIM's office in Oxford, in the United Kingdom. The visit allowed to validate the findings from the desk review, observe process walkthroughs, and conduct interviews and presentations across all assessment areas. Representatives from SIM UK, SIM Brazil and BVRio UK participated in the discussions. The Secretariat and the external review team also interviewed Opea and Traive

---

<sup>1</sup> In accordance with the PSAA pilot framework approved by the Board (decision B.31/06), the Secretariat has augmented its capacity by using external experts, third-party organizations and/or service providers to support it in undertaking the applicant capacity assessment review.

<sup>2</sup> See <https://opea.com.br/pt/> and <https://traive.com.br/en/>.

which provided additional evidence of SIM's capacity and readiness to implement the next phase of the fund.

9. The applicant was assessed in accordance with the GCF policies and standards to the extent applicable to its accreditation, as follows:

- (a) "Updated Strategic Plan for the Green Climate Fund 2024–2027" (B.36/13);
- (b) "Matters related to the accreditation framework" regarding the accreditation process (decisions B.24/13 and B.26/01);
- (c) "Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards" (decision B.07/02);
- (d) "Policy on Prohibited Practices" (decision B.22/19);
- (e) "Anti-Money Laundering and Countering the Financing of Terrorism Policy" (AML/CFT Policy) (decision B.18/10);
- (f) "Policy on the Protection of Whistleblowers and Witnesses" (decision B.BM-2018/21);
- (g) "Environmental and Social Management System: Environmental and Social Policy" (decision B.19/10);
- (h) "Comprehensive Information Disclosure Policy of the Fund" (decision B.12/35) regarding the disclosure of environmental and social (E&S) information;
- (i) "Updated Gender Policy and Gender Action Plan 2020–2023" (decision B.24/12);
- (j) "Revised Environmental and Social Policy" (decision B.BM-2021/18);
- (k) "Evaluation Policy" (decision B.BM 2021/07); and
- (l) "Updates to the Accreditation Framework" (decision B.31/06).

### 1.3 Contribution to the mandate of GCF

10. The RCF-DCF aims to raise USD 425 million to provide low-cost finance to soy farmers in the Cerrado region of Brazil who commit to DCF practices. Funds will be disbursed to farmers through working capital loans. The proposed facility corresponds to GCF mitigation results area MRA 4 on forestry and land use. The RCF-DCF objectives, as well as the overall strategy and mission, align with the updated Strategic Plan for the GCF 2024–2027 and contribute to the mandate of the GCF.

### 1.4 Track record and implementation of similar projects

11. SIM has demonstrated its expertise in structuring and coordinating innovative climate finance vehicles. The RCF-DCF Pilot was launched for 2022–2024 with an initial capitalization of USD 11 million, attracting investments from three leading commercial supermarket chains in the United Kingdom as well as support from a global cocoa and chocolate product manufacturer. During the 2023/2024 crop season, the RCF-DCF scaled to USD 47 million in assets under management, with senior tranche participation by the commercial banks Santander and Rabobank, and mezzanine tranche involvement from the impact fund AGRI3. It provided finance to a total of 122 farmers.

12. This assessment reviews the capacity and track record of SIM concerning the existing RCF-DCF. It is anticipated that, upon commencement, the RCF Impact Fund will adopt a recognized and widely adopted fund structure, with elements of the RCF-DCF Pilot's framework

and partnerships applied to the new phase of funding. The assessment aimed to develop a comprehensive understanding of SIM's systems and processes, and was further informed by discussions with Opea and Traive.

13. The applicant's track record includes the following:
  - (a) Responsible Commodities Facility – Cerrado Programme Pilot (USD 11 million in season 2022/2023) with three UK supermarkets;
  - (b) Responsible Commodities Facility – Cerrado Programme Pilot (USD 47 million in season 2023/2024) with support from commercial banks and mezzanine investors; and
  - (c) Responsible Commodities Facility – Cerrado Programme Pilot (USD 56 million in season 2025/2026) with support from a broader investor base.
14. In addition, SIM's founders have a track record of more than 25 years in forestry and climate, and the financial and environmental sector, especially relating to greenhouse gas (GHG) mitigation and carbon finance project development.

## 1.5 Legal status, registration, permits and licences

15. The programme will be implemented under the PSAA modality, with SIM serving as both the accredited entity and one of the executing entities. SIM is a limited company registered in the United Kingdom. In addition to its core operations, SIM fully owns two subsidiaries, SIM Brazil and SIM Flor Ltd.

16. The programme structure includes a number of additional executing entities: an AIFM will be engaged to oversee the RCF Impact Fund, and will be responsible for activities relating to financial, portfolio and risk management. At the time of this assessment, the AIFM had not yet been appointed. The RCF Impact Fund will be established in Luxembourg and will operate under a general partner/limited partner structure. SIM Brazil (Assessoria em Investimentos Sustentáveis Ltd), a limited company registered in Brazil, will be tasked with developing and coordinating the green bond instruments (Certificados de Recebíveis do Agronegócio (CRAs)) in Brazil; while Opea (Opea Securitizadora SA), a Brazilian company specializing in securitization, will be responsible for the issuance of the CRA instruments.

## II. Accreditation assessment

### 2.1 Basic fiduciary standards

#### 2.1.1. Key administrative and financial capacities

17. SIM is governed by its two founders, who also serve as directors of the company. The SIM team also includes a director of investor engagement and a director of environmental, social and governance (ESG) and compliance. The roles and responsibilities of its directors are clearly documented. SIM is also able to rely on BVRio for additional human resource capacity (e.g. for areas such as financial management and communications) through secondments and other employment clauses. BVRio is a parallel Brazilian non-profit established by the same founders as SIM.

18. SIM operates as an authorized representative of Robert Quinn Advisory LLP under the United Kingdom Financial Conduct Authority (FCA). Under this arrangement, Robert Quinn Advisory LLP – which is a regulatory consultancy based in the United Kingdom – oversees SIM's compliance with FCA requirements, including access to relevant information, conflict-of-interest declarations, staff background checks and delivery of required training.

19. SIM established and coordinates the RCF-DCF, which operates through a network of 15 service providers. Opea, a securitization company, and Traive, responsible for farmer credit rating and risk management, serve as the principal partners. Service providers collectively cover functions including distribution, formalization, fiduciary duties, legal services, custodianship, payment processing, collections, verification, environmental and social safeguards (ESS) framework implementation and technical assistance. SIM contracts directly with Opea, which in turn contracts with the remaining service providers. Opea issues the CRA instruments and manages all investment inflows and outflows.

20. For the next phase of the RCF-DCF, SIM intends to launch the RCF Impact Fund. Under this structure, resources from the GCF and other co-financiers are expected to flow into the RCF Impact Fund or through a Luxembourg-based pass-through special purpose vehicle (SPV), which will then channel investments to the CRA level.

21. The funding proposal outlines the specific objectives, strategies and key performance indicators for the RCF-DCF, which have been defined by the directors. At the organizational level, and in anticipation of programme growth, SIM has developed a documented strategy and annual plans that set out longer-term objectives and indicators appropriate to its size. As SIM's headcount and assets under management increase, further strengthening of firm-level strategy and planning documentation is expected.

22. SIM's financial statements are prepared by external accountants in accordance with the United Kingdom generally accepted accounting principles. The company is not required by the FCA (the financial regulatory body in the United Kingdom) to undergo annual audits, and its financial statements are therefore not audited. SIM does not itself handle investor funds, and its transaction volume is relatively low. Due to its small size, segregation of duties in financial management and payment processes is limited, and in-house financial management capacity is modest. SIM has, however, committed to establishing an external audit arrangement for its financial statements to enhance transparency. The Secretariat notes that the programme is based on a decentralized and externalized design, which leverages the specialization of established market participants rather than internalizing functions. Standard financial management and reporting arrangements for the RCF Impact Fund are expected to be implemented by the Luxembourg-based AIFM.

23. SIM's internal controls are documented in a concise internal manual covering project, knowledge, document and financial management processes. Given SIM's small size and the involvement of well-regulated partners at both the CRA level and the anticipated RCF Impact Fund level, SIM does not currently maintain an internal audit function. Key internal controls for the RCF Impact Fund are expected to be carried out by the external AIFM, as well as an administrator and depositary, adding further layers of control and segregation of duties. SIM has shortlisted firms to provide an independent internal audit function and is progressing through procurement. This function will offer independent assurance and advisory services to strengthen SIM's operations, including risk management, control and governance processes. SIM will also establish an external audit arrangement for the RCF Impact Fund's financial statements, with the first audit planned for the fiscal year ending 31 December 2026.

24. Opea is responsible for the financial management of the CRAs, which operate under an SPV. Each CRA will have a separate balance sheet. Opea currently provides SIM with monthly bank statements, although formal reporting procedures have not yet been established. Interviews conducted by the Secretariat and the external review team confirmed that each SPV undergoes external audits conducted by an internationally recognized audit firm. Opea also manages collections through a separate entity.

25. As the responsible entity for issuing securitization instruments under Brazilian law, Opea also manages the formal issuance and pooling of agribusiness credit rights that back the

CRA sold to investors. Opea has its own compliance policies and processes, and operates under the oversight of the Securities and Exchange Commission of Brazil.

26. Supporting documents have been prepared, including the RCF Investment Manual, which sets out the investment framework as well as the monitoring mechanisms to be applied during implementation. More detailed process descriptions and manuals governing decision-making, partner coordination, internal controls and financial management for the RCF-DCF will be included, as is standard, in the limited partnership agreement and related documents. The current RCF-DCF relies on individual service providers applying their own policies and processes, but for the RCF Impact Fund the applicant will establish a programme-level risk policy and formal risk management framework, complemented by the policies of the various service providers. As part of the funding proposal risk assessment, SIM has identified risks and corresponding mitigation measures for the RCF-DCF.

27. SIM has adopted an institutional procurement policy. To date, procurement has been limited to service contracts, with no major procurements undertaken and, given the scale of operations and long-standing partnerships with existing service providers, procurement has not been a significant activity for SIM or the RCF-DCF.

28. The Secretariat notes that SIM has established certain foundational administrative and financial systems and maintains documented roles and responsibilities. SIM is procuring an independent internal audit function and has committed to initiating external audits beginning with the fiscal year ending 31 December 2026, noting that the absence of these functions to date aligns with both its size and legal obligations. The anticipated appointment of an AIFM will result in outsourcing of the RCF Impact Fund's accounting and financial management. Both SIM and the RCF Impact Fund will undergo external audits. SIM will formalize contractual arrangements and responsibilities with the AIFM before the first disbursement. Although SIM is a small organization that relies heavily on its founders, its shared management structure with BVRio – supported by secondments and shared staffing arrangements – enhances its implementation capacity. The RCF-DCF itself is administered by multiple service providers, each applying their own internal control frameworks. Opea's financial management and compliance capabilities are central to CRA management. Although detailed documentation of Opea's internal processes and controls was not available for review, assurance is provided by Opea's status as a registered securitization entity regulated by the Brazilian Securities Commission. SIM's fiduciary policies will be updated to reflect the outsourced responsibilities once the AIFM is appointed.

#### **2.1.2. Transparency and accountability**

29. SIM maintains a comprehensive policies book that outlines the organization's standards for transparency and accountability. The policies book includes its code of ethics and conduct, the conflict of interest policy, the anti-bribery and corruption policy, and the AML/CFT policy. The code of ethics and conduct applies to all SIM directors, employees, service providers and partners, and defines the ethical standards they are required to follow. SIM has established an ethics committee dedicated specifically to its grievance redress mechanism, although this committee does not cover the organization as a whole. SIM's conflict of interest policy requires all SIM employees and associates to complete a declaration of interests form when they join the organization, with updates to be made annually as needed. The policy also describes the principles for reviewing and resolving conflicts of interest, along with the associated sanction measures.

30. SIM's anti-bribery and corruption policy affirms that SIM's board and staff members uphold a zero-tolerance stance toward bribery and corruption in any form. In line with this commitment, risks related to bribery and corruption are assessed monthly.

31. Its AML/CFT policy outlines the differences between Brazilian and British legislation that SIM must comply with. In the United Kingdom, SIM is regulated by the FCA; while SIM Brazil works with entities overseen by the Securities and Exchange Commission of Brazil. The policy further details the procedures for customer due diligence, simplified due diligence and enhanced due diligence. “Know-your-customer” (KYC) processes for farmers are implemented by SIM, Traive, Opea and the formalization agent, Agriculture Collateral Experts Ltda (ACE). SIM’s staff in the United Kingdom have received AML training from Robert Quinn Advisory LLP and the AML/ CFT policy states that those staff must complete AML training upon joining and at least every 24 months thereafter. Depending on the selected AIFM and the services provided, it is anticipated that certain KYC and AML procedures may be outsourced.

32. SIM has implemented both a whistle-blowing policy and a grievance procedure for employees, collaborators and subcontractors. Under its code of ethics and conduct, staff are obligated to report any non-compliance with the code. The whistle-blowing policy specifies that management will intervene if a whistle-blower faces retaliation for reporting wrongdoing. Internally, grievances may be submitted to line managers, the chief executive or the chief operating officer. External stakeholders can submit grievances through SIM’s publicly advertised Canal Ética (Ethics Channel) email address, and grievances may be submitted via email or through an anonymous online form. The director of ESG and compliance is responsible for forwarding grievances received through the Ethics Channel to the appropriate internal party for follow-up. Farmers may also choose to raise concerns directly with Traive, as the service provider with whom they have the most frequent face-to-face interaction. Opea maintains its own grievance redress mechanism, available for use at the discretion of the individual submitting the grievance. The environmental and social management system (ESMS) formalizes the requirement for Opea and other service providers to report any grievances related to the RCF-DCF to SIM. Under the FCA’s appointed representative scheme, all allegations of fraud or corruption involving SIM must be reported to Robert Quinn Advisory LLP.

33. SIM has established an independent investigation function to address allegations of fraud and corruption. According to the grievance procedure, the individual who receives the grievance is responsible for conducting the investigation, with support from SIM management. The whistle-blowing policy states that cases may be (1) investigated by management, internal audit, or through the disciplinary process; (2) referred to an external auditor; (3) the subject of an independent inquiry; or (4) referred to the police. The organization has defined the processes for handling cases, including the investigation steps and the roles of involved parties.

34. The Secretariat concludes that SIM has established robust ethical practices and conflict of interest policies. Directors, employees, service providers and partners are required to acknowledge and comply with the code of ethics and conduct. The principles for reviewing and resolving conflicts of interest, along with applicable sanctions, are clearly defined. SIM maintains both internal and external reporting channels, as well as investigation guidelines and procedures for handling grievances, including those related to RCF-DCF activities. SIM also follows comprehensive AML/KYC procedures. These are conducted internally for SIM staff by Robert Quinn Advisory LLP and externally for farmers by Traive.

## 2.2 Specialized fiduciary standards

### 2.2.1 Project management

35. The process of identifying farmers/farms that will benefit from using the RCF-DCF is and will be carried out by SIM, BVRio, Traive and commercial banks that also invest in the RCF-DCF. At present, most farmers in the pipeline were sourced by Traive and the commercial bank(s). Looking ahead, SIM expects to expand its farmer coverage in the target region by leveraging relationships with international banks, traders, input providers and other actors in

the soy value chain. The RCF-DCF uses a platform called Plata Soja for portfolio screening and management, which is an essential tool for several portfolio management processes. For example, the Plata Soja can extract publicly available data (e.g. farm identification “CAR” numbers and Brazilian tax IDs of farmers) and use it to build a list of farmers who may be interested. They are asked whether they wish to join the RCF-DCF and whether they commit to maintaining the native vegetation under their control before they are moved into the screening and due diligence phases by SIM and Traive.

36. Farmers who express interest undergo an initial environmental screening based on SIM’s eligibility criteria. The eligibility criteria for the RCF-DCF Pilot are publicly available on the SIM website, and will be revised for the RCF-DCF to ensure alignment with the GCF Environmental and Social Policy. These criteria specify requirements related to land use, compliance with the Forest Code, land title, legal compliance, and the ESS framework. Initial screening focuses on identifying farming groups with native vegetation exceeding legal requirements and who have not converted any native vegetation since 1 January 2020. This screening is conducted jointly by SIM and BVRio.

37. After farmers have passed the initial screening the environmental and social (E&S) risk due diligence begins. This involves checking farmers’ information in multiple databases and reviewing satellite imagery of the farms. Additional identification data provided by farmers can be fed directly into the Plata Soja platform, and the automated process can verify CAR registry status, state and federal embargo lists, labour law violations and other relevant information. Satellite imagery is used to confirm historical land use and identify any overlap with federal conservation units, Indigenous territories or community lands. All documentation related to E&S risk due diligence is stored on the Plata Soja platform.

38. Traive performs a credit analysis for all farmers who pass the E&S risk due diligence. This analysis covers receivables, total assets, historical performance and other financial indicators. The resulting farmer portfolio is shared with interested investors for comment before contracts are finalized. Farmers approved to participate in the RCF Impact Fund must undergo KYC procedures. Once contracted, they are required to enter into an offtake agreement with a reputable soy trader.

39. A monitoring methodologies document describes how monitoring is conducted within the RCF-DCF. Earth Daily performs continuous monitoring throughout the crop season by collecting satellite images of the farms and using them for analysing crop development.

40. In addition, alerts of potential deforestation are received from both private and governmental sources. Using multiple sources ensures timely and accurate alerts. Earth Daily sends deforestation alerts to the SIM team from the same sources. BVRio’s geospatial team reviews recent satellite images for any farm associated with an alert to determine whether the alert is valid. Although most alerts are false positives, all are reviewed. The geospatial team adds comments to the Plata Soja platform indicating whether deforestation has indeed occurred. Monthly monitoring reports, including satellite images and data for all farms, are prepared by the geospatial team. Environmental impacts, including any deforestation, are independently verified annually by a third-party service provider. Traive also conducts site visits during the crop season, typically once per season, with priority given to new farmers in the RCF-DCF. During these visits, Traive assesses crop development and performs a land check. At the end of the crop cycle, farmers deliver soy to the contracted soy trader, who then pays the RCF-DCF directly for the soy delivered.

41. The Secretariat concludes that, with support from its partners, SIM has the full capacity and procedures necessary for portfolio management and monitoring. SIM has systems in place to identify early project issues and mechanisms for rapid response and problem resolution.

#### 2.2.2. On-lending and/or blending (loans and equity)

42. SIM has demonstrated its ability to manage resources from institutional investors, commercial banks and major food retailers. Over the past four years, the RCF-DCF Pilot has maintained an average of USD 30 million in assets under management. SIM now intends to scale the RCF-DCF to USD 425 million.
43. Investors receive quarterly reports that provide updates on the portfolio and the expected volume of soy to be harvested. An annual report is also issued to investors and made publicly available on the SIM website. To protect confidentiality, the annual report does not disclose beneficiary information, such as farmer names.
44. The Secretariat concludes that SIM has the capabilities, systems and proven track record necessary for farmer origination and pipeline management. Further details on the investment strategy, on-lending process and the roles of various service providers are presented in section 2.1 above.

## 2.3 Environmental and social safeguards

45. ESS matters are primarily managed by a three-person team distributed between SIM in the United Kingdom and BVRio Brazil. The director of ESG and compliance leads the work, supported by a dedicated BVRio colleague in Brazil who has geospatial expertise, and a recently hired colleague in the SIM office in Oxford. Environmental lawyers at BVRio Brazil provide additional support on ESS legislation when needed. Beyond SIM and BVRio, several external service providers contribute to ESS matters, including those responsible for E&S risk due diligence and monitoring, independent monitoring, independent verification and technical assistance.
46. SIM has established an environmental advisory board (EAB) composed of seven experts from environmental organizations. The EAB provides guidance and oversight on environmental matters, particularly in relation to SIM's environmental report. The roles and responsibilities of the EAB are defined in a 2024 terms of reference document. Participation in the EAB is voluntary and unpaid; and the EAB typically convenes twice per year.
47. Environmental screening and E&S risk due diligence are described in section 2.2.1 above. SIM's investments are guided by an exclusion list included in the ESMS, and SIM only undertakes investments classified as category B. Farmers who pass due diligence and move into the approval stage must commit to ongoing compliance with the eligibility criteria, report against defined ESS key performance indicators, and adhere to RCF-DCF E&S risk management provisions.
48. Environmental monitoring is conducted through bi-weekly satellite imagery provided by Earth Daily, as described above in section 2.2.1 above. SIM maintains an E&S risk register, which the director of ESG and compliance reviews at least annually. The risk register identifies three risks associated with International Finance Corporation (IFC) Performance Standards 2, 3 and 7. Farmers are not required to regularly report E&S risks or impacts to the RCF-DCF, and monitoring of social risks and impacts remains limited.
49. SIM publishes an independently verified environmental impact statement each year. This statement reports on key impact metrics defined by SIM, such as the volume of soy produced under the RCF-DCF during the main crop season and the area of native vegetation conserved. The environmental impact statement is included in the SIM annual report, and provides additional narrative on environmental impact.
50. SIM has confirmed that it does not operate in areas affecting Indigenous communities. An Indigenous Peoples planning framework has been drafted and incorporated into the ESMS. During due diligence activities, SIM screens for the presence of Indigenous Peoples in farm

areas using satellite imagery, which allows the team to determine whether any farm overlaps with Indigenous or community lands.

51. The grievance redress mechanism is included as an appendix to the ESMS. Grievances may be submitted via email to the Canal Ética address (see para. 33 above), which is monitored by the director of ESG and compliance. The ESMS outlines the process for handling cases. SIM has indicated that, to ensure impartiality and given the small size of the organization, the legal manager of BVRio will participate in handling grievance submissions.

52. The Secretariat concludes that SIM has a comprehensive ESMS and established procedures in accordance with the IFC Performance Standards for identifying and managing E&S risks and impacts in line with GCF requirements for the proposed project, with a strong emphasis on environmental considerations. These procedures cover screening, due diligence, monitoring, management, reporting and stakeholder communication. SIM also has processes in place to assess risks and impacts related to Indigenous Peoples.

## 2.4 Gender

53. The RCF-DCF has been designed to promote the production and trading of responsible soy in the Cerrado. As a result, gender has not been a central focus of its activities to date, although SIM has incorporated gender considerations into the RCF-DCF. SIM has not, for example, demonstrated a prior track record in implementing gender-sensitive or gender-responsive projects, and gender-disaggregated data has not been collected or reported.

54. At the institutional level, SIM does not have a stand-alone gender policy. However, SIM has developed and submitted a gender action plan for the RCF-DCF and other documents aligned with the principles of the GCF Gender Policy. The director of ESG and compliance is responsible for implementing the gender action plan, supported by a lawyer based in Brazil. These arrangements have now been finalized.

55. SIM has included the following information in the funding proposal:

- (a) Gender as a co-benefit related to promoting gender equity and strengthening women's participation in the soybean value chain;
- (b) A target that 50 per cent of the financed farms will have at least one female owner;
- (c) Assurance that it will submit to the Secretariat annual performance reports incorporating data disaggregated by gender and race;
- (d) A commitment that all the governance structures of the RCF Impact Fund will be made up of at least 30 per cent women; and
- (e) Sustainable Development Goal 5, which aims to achieve gender equality and empower all women, will be incorporated in the project structures.

56. The gender action plan includes the following activities:

- (a) Creating a policy on sexual exploitation, abuse and harassment;
- (b) Training and awareness on gender equality and women's leadership;
- (c) Training in sustainable agricultural practices with a gender perspective;
- (d) Communication and engagement campaigns about the role of women in the sustainable soybean chain;
- (e) Offering legal and financial advisory services for formalizing and strengthening women's networks in agribusiness; and

- (f) Developing protocols and reporting channels to prevent and respond to cases of harassment and violence in rural settings.

57. SIM has provisions on non-discrimination based on gender and gender reassignment in its equality policy; while its safeguarding policy includes a statement on SIM's zero tolerance for sexual exploitation and abuse.

58. The gender assessment annex to the funding proposal includes gender sensitive project design and activities in the RCF-DCF.

59. The Secretariat noted that SIM has incorporated gender inclusion principles and a fund-specific gender action plan for the programme aligned with the updated GCF Gender Policy. Although SIM has not provided evidence of its track record of applying in-depth gender analysis, the funding proposal states that SIM has evidenced its track record and procedures to make investments according to the updated GCF Gender Policy and has demonstrated efforts to promote gender equality in their operations.

60. SIM's equality policy includes provisions prohibiting discrimination based on gender and gender reassignment. In addition, the safeguarding policy affirms SIM's zero-tolerance stance toward sexual exploitation and abuse. The gender assessment annex to the funding proposal incorporates gender-sensitive project design elements and activities for the RCF-DCF.

61. Overall, SIM has demonstrated the policies and procedures necessary to implement its gender approach, consistent with the updated GCF Gender Policy, to the extent applicable to the PSAA and the funding proposal.

### III. Conclusions and recommendations

#### 3.1 Conclusions

62. On the basis of the GCF Secretariat assessment, supported by the external review team, and grounded in GCF's accreditation framework, SIM demonstrates a medium level of capacity to implement the proposed facility and to manage the GCF-funded activities in alignment with the relevant GCF policies. In accordance with the PSAA pilot framework requirements, SIM is considered to have the legal status necessary to implement the RCF-DCF.

63. With respect to those GCF standards specifically assessed, SIM is considered to meet most of the GCF basic fiduciary standards, specialized fiduciary standards, environmental and social standards and gender policies, as follows:

- (a) The applicant meets the requirements of the GCF basic fiduciary standards and the GCF Policy on the Protection of Whistleblowers and Witnesses for project management, to the extent applicable to the PSAA and the funding proposal;
- (b) The applicant meets the requirements of the GCF AML/CFT Policy, the GCF Policy on Prohibited Practices and the specialized fiduciary standard for project management, to the extent applicable to the PSAA and the funding proposal;
- (c) The applicant meets the requirements of the revised GCF Environmental and Social Policy, the GCF interim ESS standards, and the GCF Information Disclosure Policy regarding disclosure of E&S risk information for E&S risk category B/I-2 (activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible and readily addressed through mitigation measures), and to the extent applicable to PSAA accreditation. SIM has committed to making the public disclosures required by the GCF – such as audit opinions, procurement policies and awards, beneficiaries and project results –

and has already made relevant additional disclosures, including its procurement policy; and

- (d) The applicant has demonstrated that it has the procedures necessary to implement its gender approach for the programme, consistent with the updated GCF Gender Policy to the extent applicable to the PSAA and the funding proposal, although the applicant has not demonstrated experience with gender considerations in the context of climate change, reflecting the relatively limited gender-related opportunities in the Brazilian soy sector.

## 3.2 Recommendations on project-specific accreditation

64. **Accreditation type:** PSAA.

65. **Fiduciary functions:** Basic fiduciary standards, specialized fiduciary standards for project management, specialized fiduciary standard for on-lending and/or blending (for loans and equity).

66. **Maximum E&S risk category:** B/I-2.

67. **Conditions:** The following conditions precedent to the first disbursement of GCF Proceeds have been incorporated into the term sheet and will be included in the funded activity agreement:

- (a) Delivery to the Fund of evidence that the Applicant has executed a contract/contracts with the AIFM to formalize the relationship and roles and responsibilities of the AIFM.
- (b) Delivery to the Fund of evidence that, following the execution of contract(s) referred to in the paragraph above, the Applicant has ensured that all of its fiduciary policies are updated accordingly to reflect the outsourced to the AIFM responsibilities.

## Independent Technical Advisory Panel's review of FP301

Proposal name:	Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project)
Country:	Brazil
Accredited entity:	Sustainable Investment Management Limited
Project/programme size:	Large

### I. Assessment of the independent Technical Advisory Panel

#### 1.1 Overview

1. The project titled "Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project)" is a large-sized, 12-year initiative targeting medium-sized soy producers in Brazil's Cerrado biome. It aims to transform agricommodity production in Brazil to contribute to national greenhouse gas (GHG) emission reduction targets by providing financial incentives through concessional credit to encourage farmers to voluntarily forego their legal rights to clear up to 65 to 80 per cent of their land for agricultural expansion. As a private sector mitigation project, it seeks to avoid deforestation-related GHG emissions by making forest conservation economically attractive relative to conversion to soy production.
2. The project's two core outcomes are (i) increased private sector finance for deforestation and conversion-free soy production business models; and (ii) reduced GHG emissions through the protection of native vegetation on private agricultural lands.
3. To achieve these outcomes, the project expects to deliver three outputs: (i) the Responsible Commodities Facility (RCF) Impact Fund is operational and is raising capital for co-investment vehicles; (ii) capital is deployed to farmers engaged in deforestation and conversion-free soy production; and (iii) project impacts are monitored and verified to ensure transparency and drive replication of environmentally focused lending.
4. The proposed project is categorized as environmental and social risk category I-2 (intermediated). This reflects the financial intermediation structure where funds are channelled through a multitiered fund architecture controlled by the accredited entity (AE): Sustainable Investment Management (SIM) receives GCF proceeds as a senior loan, subscribes as a Limited Partner to the RCF Impact Fund and, through its wholly-owned subsidiary SIM General Partners (SIM GP), acts as General Partner with full decision-making authority over investments and financial flows through Luxembourg co-investment vehicles (LuxCos) and Brazilian operational vehicles. Environmental and social co-benefits are claimed, including biodiversity conservation in the Cerrado hotspot, soil health improvements and water resource protection. Gender considerations are integrated with specific provisions targeting women producers, although the baseline from the RCF Pilot indicates that only 12 per cent of farming groups analysed contained at least one female owner. The gender action plan sets an ambitious target of 50 per cent of farming groups financed having at least one female owner.

5. The total cost of the proposed project is USD 425 million<sup>1</sup>, of which USD 85 million is requested from GCF as a senior loan (Secured Overnight Financing Rate (SOFR)+1 per cent, 12-year tenor) to the RCF Impact Fund. The RCF Impact Fund in turn deploys these proceeds as junior equity (ordinary shares) in LuxCos. While GCF holds a senior loan claim against the RCF Impact Fund and is not contractually subordinated, the fund's deployment as junior equity in the LuxCos means that operational losses are first absorbed by the RCF Impact Fund's equity positions, which may reduce the fund's net asset value and affect its capacity to service the GCF loan. This catalytic positioning is designed to de-risk the overall structure and mobilize the remaining USD 340 million<sup>2</sup> (80 per cent of total) from private investors across the mezzanine and senior tranches of the LuxCos.

6. Implementation will be led by SIM, acting as both AE and primary executing entity, responsible for overall supervision and monitoring of the RCF Programme, compliance with the funded activity agreement and relationships with co-investors. Five additional executing entities operate under a chain of subsidiary agreements: (i) **SIM GP**, to be incorporated, acting as General Partner of the RCF Impact Fund with full decision-making authority over investments, LuxCos and all financial flows; (ii) an **Alternative Investment Fund Manager** (to be selected), a Luxembourg-regulated fund management entity acting under SIM GP instructions and providing management services to LuxCos; (iii) **LuxCos**, special purpose vehicles incorporated in Luxembourg for each approved Investment Plan, capitalized by the RCF Impact Fund and third-party senior and mezzanine investors, which subscribe bonds of the Brazilian operational vehicles; (iv) **Opea Securitizadora S.A.**, acting as Operational Vehicle Manager in Brazil, responsible for creating and managing special purpose operational vehicles that contract eligible farmers, issue Certificados de Recebíveis do Agronegócio (CRAs), deploy capital, monitor loan compliance and remit funds to investors; and (v) **SIM Brazil** (SIM – Assessoria em Investimentos Sustentáveis Ltda), acting as Local Coordinator and RCF Programme Coordinator, responsible for pipeline selection, eligibility verification, structuring of operational vehicles and coordination of all implementing partners and service providers in Brazil.

7. The RCF-DCF project represents a significant private sector climate finance initiative for the Cerrado biome in Brazil. By creating financial incentives for voluntary conservation beyond legal requirements and demonstrating the viability of environmentally focused lending, the initiative aims to transform agricultural finance and catalyse broader market adoption of deforestation-free business models, contributing to Brazil's national GHG emission reduction targets while maintaining agricultural productivity and rural livelihoods in a critical deforestation frontier.

## 1.2 Impact potential

Scale: *Medium*

8. The proposed project claims a mitigation outcome of 25,580,079 tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq) over its 12-year implementation period, representing avoided deforestation on 379,949 hectares (ha) of Cerrado native vegetation. The corrected mitigation

---

<sup>1</sup> These figures were revised following CIC-3 endorsement and communicated to iTAP during finalization of this assessment. The revisions represent a proportional 15% reduction in **scope** (protected vegetation: 446,999 ha changed to 379,949 ha, including protected vegetation beyond legal requirements: 53,214 ha changed to 45,232 ha, number of farming groups: 450 to 400, and GHG emission reductions: 30,094,297 t CO<sub>2</sub>eq changed to 25,580,079 t CO<sub>2</sub>eq) and **financing** (total cost of the project: USD 500 million changed to USD 425 million; GCF: USD 100 million changed to USD 85 million; co-financing: USD 400 million changed to USD 340 million) with no substantive changes to project design or implementation arrangements.

<sup>2</sup> See footnote 1.

outcome figure (30.09 Mt CO<sub>2</sub>eq, later revised to 25.58 Mt CO<sub>2</sub>eq) appears in the corrected cell A.5 of the funding proposal following inquiries from the independent Technical Advisory Panel (iTAP); however, paragraphs 102 and 146 in the proposal text remain inconsistent, still referencing outdated figures of 18.7 million and 17 million t CO<sub>2</sub>eq respectively. The quantification methodology employs Verra verified carbon standard module VMD0006 for baseline estimation and VMD0015 for calculating project emissions, using emission factors from Brazil's national forest reference emission level.

9. The GHG accounting methodology raises concerns about completeness and methodological rigour. Following iTAP questions, the AE clarified that below-ground biomass and necromass were excluded because each pool "individually" represents less than 10 per cent of total biomass, citing the Intergovernmental Panel on Climate Change *Good Practice Guidance for Land Use, Land-Use Change and Forestry*, which allows exclusion of non-significant pools. However, iTAP calculations based on the carbon stocks sheet in the original annex 22b to the funding proposal reveal that below-ground biomass alone represents more than 14 per cent of total biomass, exceeding any reasonable significance threshold. When considered together, below-ground biomass and necromass represent 23.3 per cent of total biomass, nearly one quarter of the carbon stocks at risk from the same deforestation event. Importantly, VMD0006 v1.4, section 5.2, requires that the significance of carbon pools be determined through Tool T-SIG before any pool may be excluded, yet the proposal provides no evidence that this tool was applied. The AE acknowledged during the iTAP call that excluding these pools was incorrect. The corrected calculations in annex 22b now include below-ground biomass and necromass at a 10 per cent annual loss rate, contributing to the revised figure of 30.09 Mt CO<sub>2</sub>eq changed to 25.58 Mt CO<sub>2</sub>eq.

10. The treatment of soil organic carbon remains problematic. The AE argues that soil carbon is unlikely to deplete at the VMD0006 default rate of 5 per cent annually because farmers will use no-till practices and cover crops. Yet VMD0006 v1.4 explicitly includes soil organic carbon as a required pool in its baseline calculation, making its complete exclusion methodologically inconsistent with the stated approach. While conservation agriculture does reduce soil carbon losses, excluding this pool entirely assumes zero emissions – the most optimistic scenario possible rather than a conservative one. Standard practice would apply reduced emission factors reflecting best management practices, not exclude the pool completely. The Bustamante 2006 data cited in annex 22b show soil carbon stocks of 183.5 t CO<sub>2</sub>/ha. Even if depletion rates are lower than the VMD0006 default, assuming some soil carbon loss would be more defensible than assuming none. The commitment of the AE to ex-post soil sampling does not justify complete exclusion from ex-ante estimates when Cerrado-specific baseline data are already available and referenced in the project documentation.

11. The proposal provides no quantification of leakage despite presenting a comprehensive analytical framework in annex 22a. Standard carbon accounting practice requires deducting both primary leakage (deforestation on non-financed portions of participant farms) and secondary leakage (displacement to areas within 50–150 km buffer zones from project farms). The ex-ante estimation explicitly excludes leakage, meaning the 25.58 Mt CO<sub>2</sub> eq figure represents gross avoided emissions without any leakage adjustments. While the proposal describes spatially explicit methodologies for ex-post leakage assessment using PRODES deforestation data and buffer zone analysis, providing no ex-ante estimate, even a qualitative assessment or percentage range, leaves a significant gap in impact credibility. Even a conservative 10–20 per cent leakage deduction would reduce net mitigation to 20–23 Mt CO<sub>2</sub> eq, materially affecting cost-effectiveness and nationally determined contribution (NDC) calculations.

12. The baseline scenario assumes farmers would exercise their legal authorization rights to deforest native vegetation absent the project intervention. The "planned deforestation" methodology relies on farmers obtaining formal permits for vegetation removal, which is

required under Brazilian law. However, the proposal provides no evidence that farms meeting the stringent eligibility criteria, demonstrating existing environmental compliance and operational sophistication, would seek deforestation permits and clear their land. The fact that participating farmers have not deforested up to the legal maximum to date suggests either preferences for maintaining forest cover or limited profitability in expanding soy production; either interpretation challenges the baseline assumption. The project faces moral hazard risk: farmers may participate in years when they have no deforestation plans, then exit the programme to deforest if market conditions make conversion profitable, generating windfall profits without delivering additional GHG reductions. The baseline also does not account for increasing market pressure for deforestation-free soy driven by the European Union Deforestation Regulation (EUDR) effective during the project's implementation, Brazilian Forest Code enforcement trends or the commercial risks of deforestation-linked production in major export markets.

13. The permanence of emission reductions remains uncertain given the project structure. Farmers receive one-year crop finance loans that roll over annually during the 12-year fund operation period. While farms must maintain environmental compliance to qualify for continued financing, there is no mechanism to ensure that conservation commitments persist after the project ends or if farmers choose to exit the programme. The proposal provides no analysis of post-project conservation rates, strategies for sustaining changed practices beyond the financial incentive period or legal mechanisms binding farmers to long-term conservation. The project secures conservation for the operational life of the fund but does not establish legally binding protection beyond that period. Without post-project permanence mechanisms, the mitigation outcome represents avoided emissions during the 12-year implementation period rather than durable carbon storage, underscoring the importance of developing a credible exit strategy to sustain conservation outcomes beyond GCF support.

14. Despite these weaknesses, the project demonstrates important strengths. Its alignment with Brazil's NDC targets and the Brazilian Agricultural Policy for Climate Adaptation and Low Carbon Emission (ABC+ Plan) (2020–2030) for climate-smart agriculture positions it within national climate policy frameworks. The focus on the Cerrado biome addresses a critical deforestation frontier where 106 Mt CO<sub>2</sub> were emitted annually over the period 2016–2021 (annex 2), representing approximately 27 per cent of Brazil's total land-use change and forestry emissions. The Cerrado's biodiversity significance, watershed functions and carbon storage make it a priority for conservation beyond climate benefits alone.

15. The commitment to ex-post verification once the actual farm portfolio is known represents good practice in adaptive management, allowing the project to refine its impact calculations based on real implementation data rather than projections. The proposed annual verification reports provide transparency and accountability mechanisms that can build confidence in the claimed emission reductions over time. The financial structure, while raising questions about additionality, creates market-based incentives that could prove more sustainable and scalable than grant-dependent conservation programmes. If successful, the model of linking environmental performance to commercial financing terms could influence broader agricultural lending practices in Brazil's commodity sectors.

16. The iTAP assesses the impact potential of the proposed project as medium.

### 1.3 Paradigm shift potential

*Scale: Medium*

17. While the RCF-DCF project mobilizes substantial private capital and operates at significant scale, its paradigm shift potential is constrained by a design that prioritizes finance scaling over systemic transformation. The proposed project requires compliance with the Brazilian Forest Code as a baseline prerequisite but goes beyond it by targeting farmers whose

properties hold native vegetation in excess of legal reserves and who commit to protecting areas legally eligible for conversion – areas the Forest Code itself authorizes to be cleared. Additional eligibility criteria, including the protection–production ratio thresholds<sup>3</sup>, adoption of ABC+ Plan technologies such as no-till systems, and transition to biological alternatives to synthetic pesticides, represent genuine incentives beyond legal compliance. However, the project still risks financing transitions that evolving market drivers, notably the EUDR requirements and major trader sustainability commitments, are independently accelerating, raising questions about the incremental transformative contribution of GCF concessional resources relative to what market and regulatory forces would achieve on their own.

18. The project has built a broad stakeholder network spanning major soy traders, conservation non-governmental organizations, commercial and development banks and end buyers, with structured oversight through an Environmental Advisory Board (annex 7: Stakeholder consultation and engagement). Notably, the “Banco Nacional de Desenvolvimento Econômico e Social” (BNDES) has expressed strong interest in incorporating RCF lending criteria into its own portfolio should the project reach scale, a potentially significant pathway for institutionalizing the model within Brazil's domestic financial architecture. However, critical gaps persist for paradigm shift purposes: civil society organizations representing affected communities, smallholders, rural workers and marginalized groups are absent from the stakeholder consultation lists; and engagement with environmental enforcement agencies, agricultural research institutions and sub-national governments in Cerrado states remains limited. Collectively, these gaps constrain the project's ability to drive the inclusive institutional and regulatory changes needed for sector-wide transformation beyond its direct financial operations.

19. The project's contribution to Brazil's low-carbon development pathway is undermined by methodological concerns identified in the impact potential assessment presented above.

20. The proposed project will operate within existing frameworks rather than supporting their strengthening or reform, with no support for regulatory development, no engagement with financial sector regulatory bodies on climate risk disclosure or sustainable finance standards and no contribution to enhancing enforcement capacity for environmental regulations. The project positions itself as demonstrating compliance rather than actively shaping policy responses or institutional frameworks that could catalyse sector-wide transformation. This represents a missed opportunity to influence the Brazilian financial sector's approach to climate risk and sustainable commodity finance at a critical juncture when international regulations and market expectations are rapidly evolving.

21. The replication and scaling narrative remains largely aspirational without substantive mechanisms. The funding proposal mentions potential expansion to other Brazilian biomes and Latin American contexts but provides no concrete replication road map, resource allocation or responsible institutions for driving such expansion. Early evidence of market-driven replication is emerging, including Rabobank's adoption of similar environmental eligibility criteria, and initiatives by the Catalytic Capital for the Agricultural Transition fund and the Innovative Finance for the Amazon, Cerrado and Chaco initiative exploring comparable structures, but these remain informal and ad hoc. Formalized scale-up mechanisms, knowledge transfer protocols and institutional partnerships to systematically drive replication are not yet embedded in the project design.

22. The iTAP considers the paradigm shift potential of the RCF-DCF project to be medium.

---

<sup>3</sup> 40 per cent in Cerrado areas inside the Legal Amazon and 25 per cent in Cerrado areas outside the Legal Amazon.

## 1.4 Sustainable development potential

Scale: *Medium*

23. The RCF-DCF project will protect 379,949 ha native vegetation in the Cerrado biome, of which 45,232 ha exceed Forest Code requirements. This contributes meaningfully to water cycle regulation, soil conservation and reduced agrochemical run-off, aligning with Sustainable Development Goals (SDGs) 13 (Climate action), 15 (Life on land) and 6 (Clean water and sanitation). The project also encourages bio-inputs and integrated pest management as conditions of financing.

24. Social co-benefits are modest and largely indirect. The project targets medium- and large-scale commercial soy farmers, and no direct benefits are designed for smallholders, rural communities or Indigenous Peoples. By design, eligibility criteria exclude farms overlapping with Indigenous reservations and Quilombola lands, which reduces the land-grabbing risk but leaves these communities without protection or benefit from the project's environmental safeguards. Food security linkages to SDG 2 (Zero hunger) are plausible but unsubstantiated by targeted analysis. A structured environmental and social management system (annex 6) and survivor-centred grievance mechanism are in place, providing an adequate safeguard foundation.

25. Economic co-benefits are the project's strongest development contribution. Concessional trade finance expands credit access for 400 farming groups (with each group consisting of an average of five farmers) at the portfolio scale, supporting the production of deforestation-free soy across the financed area and contributing to SDG 8 (Decent work and economic growth). The project is also catalysing market replication by commercial banks and complementary green finance vehicles. However, benefits accrue almost exclusively to large, creditworthy operators, and no job creation estimates or disaggregated employment data are provided.

26. The gender assessment (annex 8) is substantive, and the gender action plan targets 50 per cent female farm ownership at the portfolio level, mandatory compliance with Brazilian gender equality legislation and voluntary awareness-raising reaching 150 farmers by project end. The growing share of female-owned farms in the RCF Pilot, from 0 per cent in 2022 to 38 per cent in 2024, is an encouraging signal. However, all training activities are voluntary, and the target of 150 farmers is low relative to a portfolio of more than 1,000 farmers.

27. Contributions to SDGs 2, 5, 6, 8, 13 and 15 are mapped in the proposal, with the strongest evidence base for SDGs 13 and 15.

28. The iTAP rates the sustainable development potential of the RCF-DCF project as medium.

## 1.5 Needs of the recipient

Scale: *Medium*

29. The Cerrado's climate vulnerabilities provide a credible basis for the intervention. Intergovernmental Panel on Climate Change projections for the South American Monsoon System indicate mean temperature increases of 2.5 °C by 2041 under the Shared Socioeconomic Pathways 5-8.5 scenario, alongside a 3.1 per cent reduction in total precipitation and a 13.8-day increase in maximum consecutive dry days. Soy yields are estimated to decline by 6 per cent per 1 °C temperature increase, with projected reductions of 17–38.5 per cent in the Brazilian soybean area by 2050. Local deforestation further compounds these risks, with cleared areas experiencing up to 3.5 °C local temperature increases and 12 per cent productivity losses. Against this backdrop, the proposal identifies a genuine financing market failure: no existing credit instrument conditions finance on deforestation- and conversion-free soy production at

financially attractive rates. Plano Safra (Brazilian Agricultural Plan) credit imposes no environmental conditionalities and caps individual allocations at levels insufficient for medium-sized farms, while value chain finance from commodity traders similarly carries no deforestation restrictions.

30. Brazil is classified as an upper-middle-income country, with 2024 gross domestic product growth of 3.4 per cent and the largest economy in South America. The Notre Dame Global Adaptation Initiative assigns Brazil a vulnerability score of 0.369 and a readiness score of 0.350, both indicating moderate vulnerability to climate change and moderate capacity to leverage investments for adaptation action. While structural inequalities and governance challenges persist across the country, the Cerrado region faces specific and well-documented climate and institutional pressures, including rising temperatures, increasing drought frequency and persistent gaps in Forest Code enforcement, that collectively justify targeted climate finance support. The needs case is therefore most compelling at the sectoral and regional level, grounded in the documented financing gap for deforestation-free agriculture and the limitations of existing regulatory instruments.

31. The direct beneficiaries are commercial soy farmers operating medium-to-large farms, typically exceeding 500 ha, with annual loans in the region of USD 1 million per farming group. These actors already access multiple forms of commercial finance, including Plano Safra subsidized credit, private bank credit lines and value chain finance from commodity traders. The project's needs case therefore rests not on financial exclusion but on the absence of credit instruments conditioned on environmental behaviour, a distinction clearly made by the proposal.

32. The proposal acknowledges that the RCF-DCF project has no direct activities with Indigenous Peoples, local communities or vulnerable communities. The Cerrado hosts 216 Indigenous protected territories from 83 distinct ethnicities and 44 Quilombola territories, whose livelihoods depend directly on the native vegetation the project seeks to protect. While the project's eligibility criteria, requiring unquestionable land title and Forest Code compliance, are designed to manage financial and environmental risk, they limit participation to established commercial operators.

33. The proposed project confirms that GCF funding finances neither capacity-building nor technology transfer, which is consistent with its design as a financial intermediation mechanism rather than a technical assistance programme. While appropriate to the instrument type, the absence of complementary institutional strengthening activities limits the project's systemic impact potential. Brazil's Forest Code enforcement deficit, identified as the primary policy failure driving deforestation, is partly an institutional challenge that financial incentives alone may not fully resolve. Targeted support to strengthen the regulatory or monitoring capacities of relevant public bodies, even at modest scale, could have reinforced the project's transformational ambitions, although such interventions would require a different project structure or parallel complementary programming.

34. The proposal demonstrates meaningful country ownership through national designated authority (NDA) endorsement and the project's inclusion in Brazil's GCF country programme. The implementing structure, which channels funds through Luxembourg vehicles managed by a private AE, reflects the financial engineering requirements of a blended finance mechanism operating in Brazil's agricommodity sector. SIM's commitment to publishing lessons learned resources for other lenders represents a valuable contribution to market transformation.

35. The iTAP assesses the needs of the recipients of the proposed project as medium.

## 1.6 Country ownership

Scale: *Medium*

36. The RCF-DCF project is well situated within Brazil's national climate policy architecture. It explicitly supports Brazil's second NDC (2024), which targets a 59–67 per cent reduction in GHG emissions relative to 2005 levels by 2035 and calls for both strengthened command-and-control measures and positive economic incentives for maintaining native vegetation on private rural properties. Alignment with the national adaptation plan is present, albeit secondary, as the project is primarily a mitigation instrument with incidental adaptation co-benefits. The project is further anchored in the ABC+ Plan, the 4<sup>th</sup> phase of the Action Plan to Prevent and Control Deforestation in the Cerrado Biome (PPCerrado) (2023–2027) and the Brazilian Forest Code, constituting a coherent, multi-instrument policy fit.

37. The NDA endorsement is substantively meaningful: in July 2025, Brazil's NDA approved the RCF-DCF project for inclusion in Brazil's updated GCF country programme and recommended its submission to the Brazil Climate and Ecological Transformation Investment Platform. These signals confirm national-level recognition. However, no government co-financing or in-kind commitment is documented. The absence of any counterpart funding from the Brazilian Government, in a project that leverages USD 85 million in public GCF resources, constrains the ownership signal and raises questions about the long-term sustainability of the financing model beyond the project period.

38. SIM brings five years of in-country experience through the RCF Pilot and a management team with deep roots in Brazilian environmental finance, including through BVRio and EcoSecurities. This track record is the project's most tangible ownership asset. However, SIM is a first-time GCF AE under the project-specific assessment approach, with no prior GCF portfolio to assess. Its "capital light" model relies on a multi-entity network spanning United Kingdom, Luxembourg and Brazilian entities, several of which, including SIM GP and the Alternative Investment Fund Manager, were not yet incorporated at the project's submission. The complexity of this cross-jurisdictional structure represents a meaningful implementation and fiduciary risk that requires careful due diligence by the Secretariat.

39. Stakeholder engagement is partially adequate. The Environmental Advisory Board provides credible oversight and strategic input to project governance. SIM is also seeking representation from the Ministry of Agriculture and Livestock in its governance structure, which would further strengthen policy mainstreaming. The farmer engagement model is primarily transactional, tied to credit eligibility rather than participatory design. Gender-responsive commitments are modest but concrete, including priority financing for female-owned farms and a sexual exploitation, abuse and harassment framework.

40. The iTAP assesses the country ownership of the proposed project as medium.

## 1.7 Efficiency and effectiveness

*Scale: Medium*

41. The project requests USD 85 million from GCF in the form of a senior loan to the RCF Impact Fund (SOFR+1 per cent, 12-year tenor), representing 20 per cent of a targeted total fund of USD 425 million. The remaining USD 380 million is expected from public and private co-investors in subordinated and senior tranches of LuxCos. The RCF Impact Fund then deploys GCF loan proceeds as junior equity (ordinary shares) in these LuxCos, where risk is tranching: the Impact Fund's equity absorbs first losses, mezzanine notes are subscribed by impact investors and senior notes are subscribed by commercial banks. It is this junior equity position of the RCF Impact Fund at the deployment level, not the GCF senior loan instrument, that de-risks the overall structure and enables mobilization of commercial co-financing. The resulting reduction in all-in cost of capital to farmers, from approximately 10 to 7.3 per cent per annum, constitutes the project's core payment for an ecosystem services mechanism. While GCF holds a senior loan claim against the RCF Impact Fund and is not contractually subordinated, the RCF Impact Fund deploys its capital as junior equity in the LuxCos. As a result, losses at the

operational level are first absorbed by the Impact Fund's equity positions, which may reduce its net asset value and thereby affect its capacity to service the GCF loan. Although GCF is not structurally first loss, its economic exposure is linked to the first loss positions taken downstream. This two-layer structure, senior loan to the RCF Impact Fund, junior equity at deployment, creates a degree of complexity that is not fully explained in the proposal in terms of GCF effective risk exposure.

42. The project claims a mitigation outcome of a reduction in emissions of 25.58 Mt CO<sub>2</sub> eq over the project lifetime, yielding a headline cost-effectiveness of approximately USD 3.32/t CO<sub>2</sub> eq on a GCF-only basis and USD 16.61/t CO<sub>2</sub> eq on a total fund basis. The GCF-only figure compares favourably with REDD+ market benchmarks (USD 9.27–15/t CO<sub>2</sub> eq) and is well below the World Bank shadow carbon price (USD 65–132/t CO<sub>2</sub> eq at 2030). The total fund cost, while above voluntary carbon market forestry and land use credit prices, remains within the range of jurisdictional REDD+ pricing (USD 15/t CO<sub>2</sub> eq). However, as detailed in the impact potential assessment, the GHG accounting framework contains residual methodological concerns, notably the complete exclusion of soil organic carbon, which the proposal commits to quantifying only through post hoc in situ sampling. Additionally, unresolved additionality questions remain, given that participating farmers have not deforested to legal maximums and face increasing market pressure for deforestation-free production, and the absence of post-project permanence mechanisms mean the cost-effectiveness figures reflect claimed rather than assured mitigation outcomes. This unresolved uncertainty could further increase the claimed mitigation outcome and decrease the effective cost per tonne, provided the AE applies conservative, Cerrado-specific depletion rates rather than assuming zero soil carbon loss, although partial non-additionality and non-permanence could offset these gains.

43. The financial model (annex 3a) demonstrates that the fund structure generates positive returns for all investor categories, with projected annual returns ranging from 4.81 per cent for a subordinated tranche to 7.50 per cent for mezzanine investors, demonstrating financial viability under base-case assumptions. However, the proposal does not include a broader economic analysis quantifying the net societal benefits of the project.

44. The co-financing ratio of 1:4 is high and, if confirmed, would represent strong leverage of GCF resources. The concessionality justification is analytically grounded: the feasibility study (annex 2) demonstrates that a 1 per cent interest rate reduction on loans to farmers with at least 5 per cent excess legal reserve coverage is sufficient to cover the opportunity cost of retained native vegetation (USD 125–175/ha) and the minimum concessionality principle is explicitly invoked. However, the annex 13 co-financing commitment letters were not submitted with the funding proposal. The USD 340 million in co-investment therefore represents a fundraising target, not a confirmed commitment, and the GCF catalytic claims rest on an unverified mobilization scenario. The risk of the fund operating at subscale and consequently delivering above-budgeted cost per tonne and lending rates insufficient to change farmer behaviour is not adequately addressed by contractual safeguards in the proposal.

45. Financial resilience is demonstrated through the stress test analysis in annex 3, which modelled the impact of the 2023–2024 El Niño event on the RCF Pilot portfolio. The analysis shows that with revised concentration limits (maximum single-borrower exposure of 3.5 per cent), losses from comparable stress events would be halved relative to the observed 4.4 per cent average default rate recorded over the pilot's first three years. The sustainability exit narrative, declining concessionality as the market matures, replication by local lenders and eventual Forest Code enforcement catch-up, is conceptually sound but lacks binding commitments and is contingent on market transformation over a 12-year horizon.

46. The project draws on recognized technical standards, including a modified Verra VMD0006/VMD0015 methodology, PRODES and MapBiomass satellite monitoring and ERM NINT independent verification confirmed to be aligned with International Capital Market

Association Green Bond and Green Loan Principles, with three of four components rated "Leadership". The scale-up design directly incorporates lessons from the RCF Pilot, which grew from USD 11 million to USD 60 million under management in four years and demonstrated the blended finance model's viability with investors including Rabobank, Inter-American Development Bank and the AGRI3 Fund. The monitoring and evaluation framework includes annual performance reports, independent midterm (year 6) and final (year 12) evaluations, and Forest Code compliance monitoring indicators added following the question and answer process between the iTAP and the AE. The primary operational concern is the dual role of SIM as both AE and Fund Manager for the RCF Impact Fund, which creates governance conflicts of interest that the proposal does not adequately address through independent oversight mechanisms.

47. The iTAP considers the efficiency and effectiveness of the proposed project to be medium.

## II. Overall remarks from the independent Technical Advisory Panel

48. The RCF-DCF project addresses a genuine and growing challenge: the persistent deforestation of Brazil's Cerrado biome driven by soy expansion, in a context where commodity producers lack access to financial incentives for voluntary conservation beyond legal minimums. The project's core innovation is financially sound, using the spread between concessional and market interest rates as a surrogate payment for ecosystem services, delivered through a scalable agricultural credit structure. The five-year RCF Pilot has demonstrated operational viability at USD 60 million, providing an evidence base that reduces implementation risk. By targeting 379,949 ha native Cerrado vegetation and aiming to mobilize USD 425 million in blended finance, the project will operate at a scale commensurate with the challenge.

49. The project is well positioned within Brazil's national climate policy architecture. Its alignment with the second NDC (targeting a 59–67 per cent reduction in GHG emissions by 2035), the ABC+ Plan for climate-smart agriculture and the PPCerrado action plan is substantive and documented. The endorsement of the NDA in July 2025 and the project's inclusion in Brazil's GCF country programme confirm institutional support at the highest national level. SIM's in-country track record through the RCF Pilot, combined with the governance oversight provided by the Environmental Advisory Board, comprising The Nature Conservancy, the United Nations Environment Programme, Conservation International, the Amazon Environmental Research Institute, Proforest, and BVRio, provides a credible operational foundation for implementation.

50. The project's financial resilience, demonstrated through the El Niño stress test of the RCF Pilot portfolio, and its favourable cost-effectiveness relative to voluntary carbon market benchmarks, support a positive overall assessment of financial design. The concessionality justification is analytically grounded, and the use of recognized technical standards, Verra VMD0006/VMD0015, PRODES, MapBiomass and International Capital Market Association Green Loan Principles, reflects methodological rigour in monitoring. Once the GHG accounting gaps are corrected, the project has the potential to deliver credible and verifiable climate outcomes at the scale required to contribute meaningfully to Brazil's NDC targets for the forestry and land-use sector.

51. The iTAP recommends that the Board approve this funding proposal with the following conditions:

- a) **Condition 1 – mitigation outcome – corrected GHG emission reductions (annex 22a and annex 22b):** the AE shall submit, prior to first disbursement, a corrected

version of the GHG emission reductions assessment, in a form and substance satisfactory to the GCF Secretariat. The corrected assessment shall include (i) emission reduction estimates based on a 12-year time horizon aligned with the length of the programme; (ii) explicit treatment of soil organic carbon using conservative, Cerrado-specific emission factors consistent with VMD0006 v1.4 requirements, or provide documented justification for exclusion based on site-specific evidence; (iii) ex-ante quantification of both primary leakage (deforestation on non-financed portions of participant farms) and secondary leakage (displacement to areas within buffer zones), with methodology consistent with the analytical framework presented in annex 22a; and (iv) net mitigation estimates reflecting leakage deductions; and

- b) **Condition 2 – long-term financial sustainability:** the AE shall submit, prior to second disbursement, a long-term financial sustainability strategy addressing post-project financing, permanence of avoided GHG emissions and contribution to Forest Code compliance in the Cerrado, in a form and substance satisfactory to the GCF Secretariat. The strategy shall include:
- I. Post-project financial arrangements: a plan detailing how conservation outcomes will be financed beyond the 12-year fund operation period, including identified sources of capital for continued monitoring and verification, a mechanism to incentivize or track farmer retention of forest cover after project completion, and a timeline for transitioning participating farmers to non-concessional financing or alternative market-based incentives; and
  - II. Contribution to Forest Code Compliance: partnerships with Brazilian environmental enforcement agencies or civil society organizations active in Forest Code implementation; arrangements to share monitoring data, deforestation alerts and compliance methodologies with relevant authorities; and awareness-raising activities support that contribute to improved Forest Code enforcement in project areas.

## Response from the accredited entity to the independent Technical Advisory Panel's assessment (FP301)

Proposal name:	Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil
Accredited entity:	Sustainable Investment Management Limited
Country/(ies):	Brazil
Project/Programme size:	Large

### Impact potential

**The AE thanks the iTAP for recognising the potential of the Project to develop and implement a new financially-sustainable mechanism with potential to deliver climate outcomes at scale.**

In iTAP's own words "the Project's core innovation is financially sound, using the spread between concessional and market interest rates as a surrogate payment for ecosystem services, delivered through a scalable agricultural credit structure, and that the scaling up proposed is commensurate with the challenge."

Furthermore, "the project's inclusion in Brazil's GCF country programme confirms institutional support at the highest national level, and combined with the governance oversight provided by the Environmental Advisory Board, provides a credible operational foundation for implementation". And that "by using recognized technical standards reflecting methodological rigour in monitoring, it has the potential to deliver credible and verifiable climate outcomes at the scale required to contribute meaningfully to Brazil's NDC targets for the forestry and land-use sector."

Those are encouraging words from which to incorporate iTAP's additional comments to further refine the project design and amplify its impacts. The AE acknowledges that the approach presented in the funding proposal still presents room for improvement and that iTAPs' suggestions will help to ensure that the RCF-DCF Project has the potential to generate the expected climate mitigation outcomes.

The following improvement points regarding the impact potential are well taken:

- 1) Correction of text inconsistencies. The funding proposal has been updated to reflect the correct value in all sections and the proposal text is now consistent with Annex 22 values. Annex 22 has also been updated as a result of iTAP comments, explained further below.
- 2) Inclusion of below-ground biomass, necromass and soil carbon in the carbon emission reduction calculations as per the VMD0006 v1.4 methodology. These changes will be made prior to the first disbursement of GCF funding.
- 3) A quantification of leakage will be included in the analysis of farms that will be selected for participation in the first CRA of the RCF-DCF Project.

Addressing other comments:

iTAP points out that “the fact that participating farmers have not deforested up to the legal maximum to date suggests either preferences for maintaining forest cover or limited profitability in expanding soy production.” This is not the case - as shown in a Trase<sup>1</sup> study, soy plantations expanded most in the Cerrado and in 2022 were associated with 375,000 ha of deforestation and conversion (three times that of deforestation for soy production in the Amazon in the same year). The opportunity costs of soy have created a strong preference for deforestation over protection.

iTAP notes that the baseline also does not account for increasing market pressure for deforestation-free soy driven by the European Union Deforestation Regulation (EUDR) effective during the project's implementation, Brazilian Forest Code enforcement trends or the commercial risks of deforestation-linked production in major export markets. There are specific reasons why these were not included in the baseline:

- The EUDR as it currently stands has not been implemented and does not include the Cerrado where the RCF-DCF Project is located because the Cerrado is a wooded savanna which does not meet the EUDR definition of a forest. For these reasons it has very little impact on the actions of soy farmers in the Cerrado.
- Trase data shows that in 2022, 33.5% of Brazilian soy was exported to China and 22.3% used domestically, in comparison to 12.1% to the EU. This means that the EUDR is unlikely to be a major driver of market pressure for the majority of soy production in Brazil.
- The Brazilian Forest Code allows legal deforestation of up to 80% in the Cerrado, which is the major concern due to the size of the areas eligible for this type of deforestation. Improved enforcement of the Forest Code will have no impact on this type of deforestation.

iTAP comments that the permanence of emission reductions remains uncertain due to farmers receiving one-year crop finance loans that roll over annually during the 12-year fund operation period. There are concerns raised that the proposal provides no strategies for sustaining changed practices beyond the financial incentive period or legal mechanisms binding the farmer to long-term conservation. The AE argues, however, that if a successful mechanism to ensure indefinite conservation commitments for the protection of native vegetation in the Cerrado already existed, the RCF-DCF Project would not be required. The RCF-DCF Project was designed (and tested during the last 4 years) exactly to address this need. By harnessing market forces using a financially-sustainable market mechanism, the project could be significantly scaled up and renewed for an indefinite amount of time to ensure permanence until market, legal or policy changes replace its need. There are the beginnings of policy and market changes towards zero deforestation soy production (e.g. EUDR, UK Soy Manifesto, market preferences, etc.) so it is hoped that these changes will come into effect during the project duration and lead to a policy or market-led permanence of the avoided deforestation. If not, incentives such as those provided by the RCF-DCF Project will continue to be required. This is equivalent to clean energy subsidies that remained in place until such a time when they were no longer needed.

<sup>1</sup> Pereira, O., & Bernasconi, P. (2025). Brazilian soy exports and deforestation. Trase.  
<https://doi.org/10.48650/Q48G-MJ07>

## Paradigm shift potential

The iTAP's medium rating of the project's paradigm shifting potential is noted.

The iTAP assessment makes the point that while the RCF-DCF Project mobilizes substantial private capital and operates at significant scale, its paradigm shift potential is constrained by a design that prioritizes finance scaling over systemic transformation.

The AE argues, however, that the project aims at a paradigm shift of the way that agricultural finance is provided. An initial trend was created during the pilot phase, and a wider, systemic transformation now requires proofs of concept at scale to show both market and regulatory forces that there is a commercially viable business model that aligns incentives between agricultural production and landscape protection. The RCF-DCF Project will be that proof of concept, and indeed has an output for sharing results, models and lessons to help aid a systemic transformation over the lifetime of the project.

The assessment also raises concerns that the project risks financing transitions that evolving market drivers are independently accelerating. We argue that the contrary is happening – market and regulatory processes are being ineffective and slow, and consequently there is a void to be filled to meet market demand. There has been demand-side calls from buyers of soy to replicate a market-based, sectoral enforcement mechanism similar to the Amazon Soy Moratorium; however, the momentum has weakened after the failure of the launch by major soy producers and traders of the Cerrado Conservation Mechanism, an attempt to pay all landowners engaged in soy production in the Cerrado for ecosystem services, as compensation for not engaging in deforestation or conversion of their land, with independent monitoring and verification. The mechanism was a culmination of years of attempts and initiatives, including the Cerrado Manifesto issued by over 60 non-governmental organizations and a Statement of Support in 2017 with over 70 global brands and investors. BVRio, a non-governmental organisation co-founded by the founders of SIM, is a signatory to the Cerrado Manifesto and SIM is the signatory to the Statement of Support.

Following the failure of the launch of the Cerrado Conservation Mechanism, SIM was invited to a working group organised by the value chain partners and other organisations to find an alternative. SIM proposed a market-based, financially-sustainable, scalable mechanism with direct sustainable benefits to farmers using debt, as opposed to public or philanthropic grant funding. This led to the launch of the existing RCF Pilot. In the absence of a strong enforcement mechanism and a demand-side, market-based, sectoral enforcement mechanism in place, the RCF-DCF Project intends to fill the void caused by these regulatory and market failure gaps and overcome financial and non-financial failures by providing a form of payment for ecosystem services to farmers in the form of lower-than-market interest rate loans to incentivise farmers to forgo their legal right to clear areas of excess legal reserves in their landholdings, thereby ensuring the protection of native vegetation.

iTAP notes that the project has built a broad stakeholder network but is concerned that there are critical gaps for paradigm shift purposes. The AE takes this concern on board and will further build its stakeholder network during the implementation of the project by engaging with environmental enforcement agencies, agricultural research institutions and sub-national governments in Cerrado state. In particular, the AE has conducted an extensive stakeholder engagement exercise and will continue to actively involve various stakeholders, such as vulnerable communities, which include Indigenous Peoples, to promote inclusiveness and social cohesion.

In response to iTAP's comments that the replication and scaling narrative remains largely aspirational without substantive mechanisms, the AE notes that it is vitally important for the RCF-DCF Project to initially prove the concept of the paradigm shift potential before allocating

limited resources to replication road maps, resource allocation or identifying possible organisations for driving such expansion. As stated in the funding proposal, Output 1.3 of the project involves the AE sharing results, models and lessons learned with traditional lenders in Brazil's agri-commodity sector to drive long-term adoption and replication of environmentally-focused lending.

iTAP also mentions that "the project will operate within existing frameworks rather than supporting their strengthening or reform, with no support for regulatory development, no engagement with financial sector regulatory bodies on climate risk disclosure or sustainable finance standards and no contribution to enhancing enforcement capacity for environmental regulations." The AE will aim at formalising protocols for institutional partnerships and knowledge transfers to promote replication, scaling and for supporting regulatory frameworks that contribute to the environmental objectives of the Project. As an initial step, the project has already extended an invitation for the Ministry of Agriculture to appoint a participant to the project's Environmental Advisory Board. Results will also be shared with the Brazilian financial sector in order to influence their approach to climate risk and sustainable commodity finance.

To date, the RCF Pilot was already invited to present and publish its results in more than 30 venues and vehicles. Furthermore, BVRio, a non-governmental organization co-founded by the founders of SIM, has developed and been managing the Planaflor programme (Strategic Plan for the Implementation of the Forest Code -<https://planaflor.org/>), an initiative focused specifically on contributing to the regulatory framework necessary for the implementation of the Brazilian Forest Law (Forest Code). Other partnerships of relevance include:

- the IFACC (Innovative Finance for the Amazon, Cerrado and Chaco - <https://www.ifacc-initiative.org>), an initiative of the Nature Conservancy, Tropical Forest Alliance and UNEP to significantly increase and accelerate lending and investment in sustainable agriculture in Brazil, Argentina and Paraguay, of which the AE SIM is an original member;
- the Global Innovation Lab for Climate Finance, an investor-led, public-private initiative that incubates innovative well designed, early-stage climate finance solutions and instruments. The RCF Pilot was one of the first projects identified by the Lab (<https://www.climatefinancelab.org/ideas/responsible-commodities-facility/>), and SIM's directors are part of the Lab's project selection committee, contributing to the development of more initiatives in this sector;
- Climate Bonds Initiative (CBI - <https://www.climatebonds.net>) - an international organisation working to mobilise global capital for climate action and resilience, ensuring investments support a sustainable, adaptive, and low-carbon future, of which SIM's director Pedro Moura Costa has been part of its Advisory Panel since its creation. SIM has also participated in working groups for the creation of CBIs' agricultural finance methodologies;
- the Forest Code Observatory (<https://observatorioflorestal.org.br>), created by a coalition of Brazilian civil society organisations active in Forest Code implementation, whose former managing director is now working as a director of BVRio and will strengthen the links with the RCF-DCF Project;
- the Brazilian Coalition on Climate, Forests and Agriculture (<https://coalizaobr.com.br>), composed of more than 400 representatives from the private sector, financial sector, academia, and civil society to promote a new low-carbon economy, with competitiveness, responsibility, and inclusion. BVRio's is an active member, participating in different working groups since the Coalition was created;

- the Produce, Conserve and Include (PCI) initiative (<https://pcimt.org>), that was built to raise financial resources for the State of Mato Grosso to support the expansion and increase in the efficiency of agricultural and timber production, the conservation of native vegetation, and the restoration of environmental liabilities in line with the Brazilian Forest Code and to foster family farming and traditional communities, while reducing GHG emissions and enabling carbon sequestration, by controlling deforestation and developing a low-carbon economy. SIM has been in discussions with PCI with a view to contribute to the success of this initiative.

### **Sustainable development potential**

The iTAP's medium rating of Sustainable Development Potential is noted.

The AE appreciates the positive feedback on the environmental co-benefits of the RCF-DCF Project. Among others, recognition of the strong economic co-benefits of the project and that the project is catalysing market replication by commercial banks and complementary green finance vehicles.

The RCF-DCF Project will also enhance ecological resilience through the preference given to areas restored from abandoned pastureland to soy cultivation. Furthermore, the overall mitigation benefits associated with avoided deforestation are expected to create a positive feedback loop between ecological and farmer resilience and climate change.

Over the course of the implementation period, the RCF-DCF Project will also monitor the farmers who are adopting sustainable management practices supported by the Brazilian Agricultural Policy for Climate Adaptation and Low Carbon Emission (ABC+ Plan). The RCF-DCF Project will encourage the uptake of practices listed under the plan, such as the no-till system, integration systems, bio inputs and irrigation systems.

In relation to habitat loss, biodiversity decline, and the weakening of ecosystem services, the project's primary contribution will come from the conservation and protection of native vegetation. The intention is to protect an estimated 379,949 hectares of Cerrado native vegetation, including 45,232 hectares beyond legal requirements, and deliver environmental co-benefits, including improved ecosystem management and biodiversity conservation.

Additionally, through the protection of native vegetation, which plays a critical role in moderating the water cycle, the RCF-DCF Project is expected to contribute to the region's water security. According to FAO, worldwide about 70 per cent of annual fresh water is used for agriculture, giving rise to the need to improve water quality and availability for the future amid growing demand for agricultural production. The Cerrado region, in particular, includes critical freshwater ecosystems, having 6 out of 12 major hydrological regions.

iTAP also mentions the fact that the project's social co-benefits are modest and largely indirect, and that no direct benefits are designed for smallholders, rural communities or Indigenous People. While this is correct, it is important to recognise that the project is designed specifically to address deforestation, which is carried out by medium-large soy farmers and not smallholders. This is explained in the risk assessment of the environmental and social management system (Annex 6):

- In the Cerrado, soy is cultivated by less than 3% of smallholders. As a group barely involved in soy production, they are not a major driver of deforestation in the biome and therefore not a focus of the project.
- The Brazilian Constitution prohibits commercial crop production within Indigenous and Quilombola territories, again, making them a group not involved in deforestation due to soy production and therefore not a focus of the project.
- Farms are not typically located close to rural communities. Instead, farms typically border other farms. Therefore, there are no communities to design direct benefits for.

The AE appreciates iTAPs recognition of the substantive gender assessment (Annex 8) and the encouraging growth of female-owned farms in the RCF Pilot (growing from 0 per cent to 38 per cent over three years). iTAP states that the target of 150 farmers for training activities is low, which the AE agrees with. To address this challenge, the gender action plan developed for the project will include three activities: (a) preferential investment in farms that commit to DCF soy production, with a portfolio-level target of at least 50 per cent of farming groups having at least one female owner; (b) 100 per cent of the CPRs with farmers to include clauses requiring compliance with Brazilian legislation relating to gender equality and sexual exploitation, abuse and harassment (SEAH) risks; and (c) development of communications materials and workshops (farmer field days) to raise awareness about gender equality and encourage female participation in management activities.

It is important to raise public awareness of the need for gender equality in agribusiness, promoting the creation of an egalitarian culture, where there is space for both genders and accelerating the market transition moment. To address this need, the project will also establish collaboration with other initiatives, through which it will provide workshops to raise awareness on gender equality and women’s leadership; develop educational materials (e.g. booklets, videos, podcasts) that accessibly explain the importance of gender equity in agribusiness sustainability; conduct communication and engagement campaigns about the role of women in the sustainable soybean chain; and promote safe working conditions and reporting channels to prevent and respond to cases of harassment and violence in rural settings. The project will also collaborate with organisations that offer legal and financial advisory services for formalisation and strengthening of women’s networks in agribusiness.

**Needs of the recipient**

The iTAP’s medium rating of the Needs of the Recipient is noted.

The AE appreciates that the iTAP assessment states that the Cerrado's climate vulnerabilities provide a credible basis for the intervention and that the Cerrado region faces specific and well-documented climate and institutional pressures, including rising temperatures, increasing drought frequency and persistent gaps in Forest Code enforcement, that collectively justify targeted climate finance support. The AE also appreciates that the iTAP assessment clearly understands that the project's needs case rests not on financial exclusion of farmers but on the absence of credit instruments conditioned on environmental behaviour, i.e., incentive schemes for nature conservation as an alternative to existing, but insufficient, carbon markets and PES schemes.

The iTAP assessment points out the significant number of Indigenous protected areas and Quilombola territories in the Cerrado and how their livelihoods depend directly on the native vegetation the project seeks to protect while also stating that participation in the project is restricted to commercial operators. The project is for commercial operators because these are

the actors driving deforestation in the Cerrado and also because the Brazilian Constitution prohibits commercial crop production within Indigenous and Quilombola territories, so consequently they are not involved in deforestation due to soy production and therefore are not a focus of the project.

The iTAP assessment raises the point that GCF funding finances neither capacity-building nor technology transfer, which is consistent with its design as a financial intermediation mechanism rather than a technical assistance programme, stating that the absence of complementary institutional strengthening activities limits the project's systemic impact potential. The iTAP also points out that targeted support to strengthen the regulatory or monitoring capacities of relevant public bodies, even at modest scale, could have reinforced the project's transformational ambitions, but that such interventions would require a different project structure or parallel complementary programming. The AE agrees with this. The aim of the RCF-DCF Project is to use the GCF resources successfully in the area of the AE's expertise, while at the same time collaborating and contributing to other organisations and projects which are currently working on strengthening regulatory issues. For instance, the Planaflor programme (<https://planaflor.org/>), developed by the AE's partner BVRio, focuses exactly on these issues. Other important partnerships include:

- the Forest Code Observatory (<https://observatorioflorestal.org.br>), created by a coalition of Brazilian civil society organizations active in Forest Code implementation, whose former managing director is now working as a director of BVRio and will strengthen the links with the RCF-DCF Project.
- the Brazilian Coalition on Climate, Forests and Agriculture (<https://coalizaobr.com.br>), composed of more than 400 representatives from the private sector, financial sector, academia, and civil society to promote a new low-carbon economy, with competitiveness, responsibility, and inclusion. BVRio's is an active member, participating in different working groups since the Coalition was created.
- the Produce, Conserve and Include (PCI - <https://pcimt.org>) initiative, that was built to raise financial resources for the State of Mato Grosso to support the expansion and increase in the efficiency of agricultural and timber production, the conservation of native vegetation, and the restoration of environmental liabilities in line with the Brazilian Forest Code La and to foster family farming and traditional communities, while reducing GHG emissions and enabling carbon sequestration, by controlling deforestation and developing a low-carbon economy. SIM has been in discussions with PCI with a view to contribute to the success of this initiative.

The RCF-DCF Project expects to be more effective in its transformational ambitions by actively collaborating with these existing initiatives, as opposed to conducting isolated activities.

The AE appreciates that the iTAP recognises that the proposal demonstrates meaningful country ownership through national designated authority (NDA) endorsement and the project's inclusion in Brazil's GCF country programme. The assessment also states that the implementing structure, which channels funds through Luxembourg vehicles managed by a private AE, reflects the financial engineering requirements of a blended finance mechanism operating in Brazil's agricommodity sector. SIM's commitment to publishing lessons learned resources for other lenders represents a valuable contribution to market transformation. This will be further divulged through the AE's partnerships mentioned above, as well as with the

IFACC, the Climate Bonds Initiative, the Global Lab for Climate Finance, and platforms such as the Green Finance Institute, that has already provided coverage about the RCF Pilot.<sup>2</sup>

### **Country ownership**

The iTAP's medium rating of the Programme's Country ownership is noted.

The AE appreciates that iTAP recognises that NDA endorsement is substantively meaningful, with the RCF-DCF project included in Brazil's updated GCF country programme.

Concerning the point raised in the iTAP assessment that no government co-financing or in-kind commitment is documented, there are a number of funding lines that will be explored if the project is successful in receiving GCF resources. The AE has already initiated promising conversations with many of them, including with Brazilian commercial banks and government investment mechanisms, and positive responses have been received. Financial commitments for funds such as the RCF-DCF Project are often dependent on anchor finance, such as that provided by the GCF, that then results in other financial commitments in quick succession.

iTAP mentions that the farmer engagement model is primarily transactional, tied to credit eligibility rather than participatory design. This partially reflects the reality. On one hand, there was no involvement of individual farmers in the design of the eligibility criteria (both environmental and credit) for the fund, given that the project has to involve hundreds of farmers and adopt the same criteria for all. On the other hand, the eligibility criteria for the RCF-DCF Project was resultant of extensive discussion and consultation with a wide range of stakeholders, including civil society (including those in its environmental advisory board – TNC, CI, UNEP, IPAM, Proforest), financial sector, government agencies, industry (including Consumer Goods Forum, individual companies) and producer associations.

ITAP also raises the concern that the AE's "capital light" model relies on a multi-entity network spanning United Kingdom, Luxembourg and Brazilian entities, whose complexity represents a meaningful implementation and fiduciary risk that requires careful due diligence by the Secretariat. In relation to that, the AE points to its proven track record to coordinate and integrate such multi-layered structure involving multiple partners and service providers during the 4-year RCF Pilot. As recognition of that, the RCF pilot phase was awarded "Best impact project of the year", and "Best Green Bond Initiative of the Year" by Environmental Finance Magazine, and "Structured Transaction of the Year" by IFLR.

SIM leverages a high-quality network of advisers, legal counsel and specialists to ensure that all aspects of investment are given appropriate consideration and comply with local laws and regulations. In addition, the project will benefit from a robust regulatory infrastructure involving an AIFM and other recognised service providers in Luxembourg as well as already established project relationships with the Brazilian securitization and credit analysis companies.

The AE has strong local presence in Brazil. SIM, through its wholly owned subsidiary SIM Brazil and BVRio, has professionals on the ground. Owing to its proximity to the on-the-ground operations, SIM, together with the core third-party service providers, is able to engage closely with farmers and identify potential operational and execution issues concerning either existing

<sup>2</sup> See for instance: <https://www.greenfinanceinstitute.com/podcasts/r4n-episode-1-pedro-moura-costa-responsible-commodities-facility/>, or <https://www.greenfinanceinstitute.com/hive/revenues-for-nature/case-studies/responsible-commodities-facility/>

or prospective borrowers. BVRio, a non-profit organisation and the strategic partner of SIM, was co-founded by the founders of SIM. SIM and BVRio share a common management team, creating greater connectivity across the organisations and, through secondments and other employment clauses, the two entities share resources which strengthen the implementation capacity of SIM.

Finally, the founders and directors of SIM and BVRio are both experienced executives, having founded and managed EcoSecurities Group Plc in 1997 ([www.ecosecurities.com](http://www.ecosecurities.com)), the largest carbon project developer in the world during the Kyoto phase, listed in the London Stock Exchange, with offices in 35 countries around the world and market cap reaching USD 1 billion.

The AE was subjected to extensive due diligence and assessment by the GCF secretariat and its external review firm (KPMG), that concluded that the project has established and will follow adequate fiduciary standards.

### **Efficiency and effectiveness**

The iTAP's medium rating of the project's Efficiency and Effectiveness is noted.

The iTAP raises concerns that GCF funding in the RCF-DCF Project will be used for the RCF Impact Fund to provide subordinated capital to a series of sub-funds (the LuxCos), and consequently will be exposed to a higher risk level than the investors in other tranches of the sub-funds. Indeed, this is the whole objective of the RCF Impact Fund - to provide de-risking capital to a series of sub-funds (the LuxCos), so that it can attract other forms of capital to multiply (leverage) the impact of GCF funds. De-risking capital is the main constraint of development and climate finance, and an appropriate role for the GCF to take. Indeed, other initiatives have been created to do the same, such as e.g. the CCAT fund in Brazil.

This de-risking role and the first-loss position of the GCF funds is a core element of the project and is described throughout the proposal. As highlighted in the Executive Summary of the proposal, the RCF Impact Fund will provide equity contributions, while the rest of the senior and mezzanine funds will be provided by other co-financiers, so that "GCF's catalytic, junior equity position will de-risk the overall structure and enable mobilisation at scale".

As described in the theory of change, one of the main barriers to preventing legal deforestation and conversion of native vegetation and to preventing the transition to regenerative agriculture, is "investor reluctance to invest in Brazilian agriculture finance instruments (CRAs) due to perceived and actual risks". In this context, "the RCF Impact Fund will invest in equity tranches (catalytic capital) of the Co-Investment Vehicles, which in turn will be co-invested by mezzanine and senior co-financiers."

While the subordinated tranche of these funds are exposed to a higher risk level, the RCF-DCF Project will adopt a series of risk reduction measures to protect its investments. These include:

- diversification of investments via maximum concentration limits on single CPRs and single borrower groups under each CRA to avoid an excessive impact from a downturn in one loan or farmer. The RCF Impact Fund will invest in multiple CRAs at any given point in time, providing further diversification benefits;
- focus on farmers with 10+ years of experience, noting farm management practices and technology are key mitigants during poor harvest seasons brought on by unfavourable weather conditions and other external factors;

- increased collateral coverage ratio, collecting guarantees for > 120% of loan value;
- enhanced geographic diversification within the Cerrado region;
- acceptance of only fully registered CPRs with public notaries for better enforcement; and
- introduction of an excess spread buffer in the CRA structure. This buffer will be managed to absorb any occasional losses due to delays or default in payments.

In addition, the RCF-DCF Project will also adhere to a strict risk ratio to limit disbursements in case the portfolio performance goes below a certain level.

The combination of these measures should reduce risk to acceptable levels and protect GCF investment.

The iTAP assessment points out that the co-financing ratio of 1:4 is high, and if confirmed, would represent strong leverage of GCF resources. As stated above, the de-risking nature of the GCF exposure to the project's Sub-funds (the LuxCos) will highly facilitate the attraction of capital to the project. The AE can confirm that the leverage ratio of 1:4 will be contractually agreed between the GCF and the project.

There are concerns from iTAP that co-financing commitment letters were not submitted with the funding proposal. The GCF funds will be disbursed to the AE conditioned upon, and proportionally with, the commitment letters to be obtained by the AE, ensuring that each disbursement complies with the agreed leverage ratio (the commitment letters are defined as a condition precedent for the GCF funds to be disbursed to the AE – there will be multiple disbursements to the AE, each of them must comply with the leverage ratio). Therefore, in case the AE does not secure co-financing in an amount sufficient to call for the full GCF committed funds, the overall size of the project will be reduced proportionally.

iTAP explains that the sustainability exit narrative, declining concessionality as the market matures, replication by local lenders and eventual Forest Code enforcement catch-up, is conceptually sound but lacks binding commitments and is contingent on market transformation over a 12-year horizon. The RCF-DCF project is established for a long period (12 years), in order to allow the project to produce transformational impacts in the sector. If needed, the RCF-DCF Project can be extended beyond 12 years, with other sources of capital and without the participation of the GCF. It is expected that the co-financiers will be interested in continuing to finance the project if it is still deemed to be necessary as a means to control deforestation after 12 years. Also, and as important as extending the project, the AE expects other private and public initiatives to be created inspired by the project and with similar objectives. The market demands and policy environments prevailing at the end of the project (in 12 years) will inform and define if and how the RCF-DCF Project will be renewed to ensure long-term impacts in the sector.

The AE appreciates that iTAP recognises that the project draws on recognised technical standards, including a modified Verra VMD0006/VMD0015 methodology, PRODES and MapBiomas satellite monitoring and ERM NINT independent verification confirmed to be aligned with International Capital Market Association Green Bond and Green Loan Principles, with three of four components rated "Leadership".

The AE also appreciates that iTAP recognises that viability of the blended finance model of the RCF-DCF Project was already demonstrated through the RCF Pilot involving investors such as Rabobank, Santander, Inter-American Development Bank, FMO and the AGRI3 Fund, and was

awarded “Best Impact Project of the Year”, and “Best Green Bond Initiative of the Year” by Environmental Finance Magazine, and “Structured Transaction of the Year” by IFLR.

iTAP raises a concern that the dual role of SIM as both AE and Fund Manager for the RCF Impact Fund creates governance conflicts of interest that the proposal does not adequately address through independent oversight mechanisms. The dual role of SIM as AE and Fund Manager, however, ensures that the project will be implemented in full alignment with the GCF objectives and the terms and conditions established in the FAA.

SIM GP will manage the RCF Impact Fund with the active involvement of a third party authorised Luxembourg alternative investment fund manager (the “Lux AIFM”). The Lux AIFM will act for and on behalf of RCF Impact Fund and be responsible for the management of the RCF Impact Fund, including all required regulatory and governance activities. Additionally, the Lux AIFM will enter into an Executing Entity Agreement whereby they will commit to the relevant obligations under the FAA.

In parallel, key decision rights are subject to GCF approval. SIM as borrower will be obliged to procure that neither it, nor the General Partner, will take relevant reserved decisions without completing the agreed-upon decision making procedures.

The combination of these arrangements ensures that any potential conflict of interests will be properly addressed and independently managed and the project will be implemented in line with the interests of the FAA.

#### **Overall remarks from the independent Technical Advisory Panel:**

The AE greatly appreciates the iTAP’s feedback and looks forward to the opportunity for continued partnership with the GCF. The following overall remarks by iTAP provide good recognition of the importance of the project:

“The project’s core innovation is financially sound, using the spread between concessional and market interest rates as a surrogate payment for ecosystem services, delivered through a scalable agricultural credit structure.”

“The project’s inclusion in Brazil’s GCF country programme confirms institutional support at the highest national level.”

“The use of recognized technical standards, Verra VMD0006/VMD0015, PRODES, MapBiomass and International Capital Market Association Green Loan Principles, reflects methodological rigour in monitoring. Once the GHG accounting gaps are corrected, the project has the potential to deliver credible and verifiable climate outcomes at the scale required to contribute meaningfully to Brazil’s NDC targets for the forestry and land-use sector.”

Indeed, the RCF Project was designed to implement a new innovative financially-sustainable mechanism with potential to deliver climate outcomes at scale. It aims to fill the void caused by regulatory and market failure gaps and overcome financial and non-financial failures by providing a form of payment for ecosystem services to farmers in the form of lower-than-market interest rate loans to incentivise farmers to forgo their legal right to clear areas of excess legal reserves in their landholdings, thereby ensuring the protection of native vegetation. By using commercial business model, this mechanism results in a financially-sustainable and scalable approach that does not depend on philanthropy or voluntary markets for environmental payments, and can be replicated and used by the sector as a whole.

With relation to some conditionalities proposed by the iTAP, the AE accepts the conditions relating to the mitigation outcome and long-term financial sustainability.

The AE will submit, prior to first disbursement, a corrected version of the GHG emission reductions assessment, in a form and substance satisfactory to the GCF Secretariat. The corrected assessment shall include (i) emission reduction estimates based on a 12-year time horizon aligned with the length of the programme; (ii) explicit treatment of soil organic carbon using conservative, Cerrado-specific emission factors consistent with VMD0006 v1.4 requirements, or provide documented justification for exclusion based on site-specific evidence; (iii) ex ante quantification of both primary leakage (deforestation on non-financed portions of participant farms) and secondary leakage (displacement to areas within buffer zones), with methodology consistent with the analytical framework presented in annex 22a; and (iv) net mitigation estimates reflecting leakage deductions;

The AE will submit to the GCF Secretariat, prior to the second disbursement, a long-term financial sustainability strategy addressing post-project financing, permanence of avoided GHG emissions and contributions to the Forest Code compliance in the Cerrado.

This strategy will include a plan on how conservation outcomes will be financed beyond the 12-year fund operation period, including possible sources of capital for continued monitoring and verification, a mechanism to incentivize or track farmer retention of forest cover after project completion, and a timeline for transitioning participating farmers to non-concessional financing or alternative market-based incentives.

In addition, the RCF-GCF Project will invite Brazilian environmental enforcement agencies and civil society organizations active in Forest Code implementation to be involved and contribute with the RCF-DCF Project through partnerships or other arrangements, aiming at sharing monitoring data, deforestation alerts and compliance methodologies with relevant authorities. Awareness-raising activities that support and contribute to improved Forest Code enforcement in project areas will also be considered in the long-term strategic plan.



# Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project)

## Annex 8: Gender Analysis Assessment

Prepared for the Green Climate Fund

by Sustainable Investment Management Ltd

Date: January 2026

Version: 5

This Gender Assessment has been prepared by Sustainable Investment Management Ltd (SIM), to inform the project design of the Green Climate Fund (GCF) Funding Proposal titled: Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project)

Data and analysis used to produce this report has been taken from a Gender Assessment Report produced by Produzindo Certo in 2024, funded by the AGRI3 Technical Assistance Facility, managed by IDH.

# CONTENTS

---

1	Introduction.....	4
1.1	Responsible Commodities Facility – Deforestation and Conversion Free .....	4
1.2	The Agricultural Sector in Brazil .....	4
1.3	Socio-economic Status of RCF-DCF Project financed farms .....	4
1.4	Alignment with the GCF Gender Policy .....	5
1.5	Objective of the Gender Assessment .....	5
2	Methodology.....	7
3	Overview of Gender in Brazil .....	9
3.1	General Statistics .....	9
3.2	Legal Status of Women in Brazil.....	9
3.3	Work Profile of Women – Paid Versus Unpaid Work .....	10
4	Gender in the Agricultural Sector in Brazil .....	11
4.1	Division of Labour Among Women and Men in the Brazilian Soy Sector .....	11
4.2	Roles of Women and Men in Agribusiness in Brazil.....	12
4.3	Education of Women in Agribusiness .....	13
4.4	Gender of Owners of RCF Pilot Financed Farms .....	14
5	Challenges and opportunities .....	15
5.1	General Resistance to the Topic .....	15
5.2	Equality of Opportunities .....	15
5.3	equality of Remuneration, and Working Conditions .....	16
5.4	Lack of representation in the field and higher hierarchical levels .....	16
6	Gender Conclusions and the project approach .....	18
6.1	Gender related actions .....	18
6.2	Risks to achieving gender related impacts .....	19
6.3	Governance and Accountability.....	19
7	Sexual Exploitation, Abuse and Harassment (SEAH) .....	21
7.1	Contextual risk .....	21
7.1.1	Remote, rural locations.....	21
7.1.2	Lack of facilities .....	22
7.1.3	Temporary and seasonal working.....	22
7.1.4	Seasonal fluctuations in workload.....	22
7.1.5	Asymmetrical power relations.....	22
7.1.6	Lack of digital penetration.....	22
7.1.7	Lack of SEAH knowledge, training and services due to disparate project sites.....	22

7.2	Determination of how the project may exacerbate the risk of SEAH .....	22
7.3	SEAH related actions .....	23

# 1 INTRODUCTION

---

## 1.1 RESPONSIBLE COMMODITIES FACILITY – DEFORESTATION AND CONVERSION FREE

The Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil project (RCF-DCF Project) is the proposed scaling up of the Responsible Commodities Facility Cerrado Programme Pilot (RCF Pilot) by Sustainable Investment Management Ltd (SIM). The project will provide low-cost crop finance to soy farmers in the Cerrado region of Brazil who commit to deforestation and conversion free soy production on their farm. Soy farming in the Cerrado generally consists of medium and larger farms (500 ha and more) and this is the demographic that is carrying out most of the deforestation in the Cerrado.

The RCF-DCF Project does not have any activities with indigenous people, local communities, or vulnerable communities.

One lesson learned from the RCF Pilot was that gender was not considered and consequently the RCF-DCF Project intends to incorporate gender equality actions into its activities.

## 1.2 THE AGRICULTURAL SECTOR IN BRAZIL

Brazil is a key player in the food market and a leader in the production and exportation of soybeans, coffee, and ethanol. This demand continues to grow, presenting opportunities for adopting the best sustainable practices as a competitive differentiator in market expansion. In parallel, estimates from the United Nations Food and Agriculture Organization (FAO) predict a 60% increase in food production by 2050. Additionally, the results of the study "Vision 2030: the future of Brazilian agriculture" conducted by EMBRAPA and the recent IPCC's climate report (2023) bring worrying conclusions about the climate emergency, responsible for numerous changes such as excess or lack of rain, increased regions with prolonged droughts, and the expansion of pests in agricultural crops, effects already felt by the Brazilian agriculture.

## 1.3 SOCIO-ECONOMIC STATUS OF RCF-DCF PROJECT FINANCED FARMS

Soy farming in the Cerrado generally consists of medium and larger farms (500 ha and more). Less than 3% of smallholders cultivate soy<sup>1</sup>. The RCF-DCF Project will provide finance to the medium and larger farms, which are typically run by small family groups and individual soy farmers focusing on agriculture production, usually adopting some form of crop rotation (a second harvest with corn, forage, cotton).

---

<sup>1</sup> Albuquerque, Amanda de, Juliano Assunção, Pablo Castro, Natalie Hoover El Rashidy, and Giovanna de Miranda. Smallholders in the Caatinga and the Cerrado: A Baseline Analysis for a Rural Just Transition in Brazil. Rio de Janeiro: Climate Policy Initiative, 2023. <https://www.climatepolicyinitiative.org/wp-content/uploads/2023/02/Smallholders-in-the-Caatinga-and-the-Cerrado.pdf>

These soy farmers will frequently manage several different farms, including rented land<sup>2</sup>. Annual loans will be in the region of USD 1 million.

#### **1.4 ALIGNMENT WITH THE GCF GENDER POLICY**

The RCF-DCF Project aligns with GCF Gender Policy. In line with GCF project-level requirements, SIM as the Accredited Entity will:

- Prepare a gender assessment and gender action plan for the project (this Annex) and integrate the analysis of context and sociocultural factors underlying gender inequality in the agribusiness and soy sector in Brazil.
- During project implementation, SIM will refine as necessary the gender-related baseline, indicators and targets.
- SIM will monitor progress and report on the progress made in implementing the project level gender action plan.

#### **1.5 OBJECTIVE OF THE GENDER ASSESSMENT**

Given this background, this Gender Assessment has been prepared by SIM, to inform the project design of the GCF Funding Proposal and contribute towards generation of gender outcomes. It is the Annex 8 of the Funding Proposal and has been developed according to the guidance provided by the GCF on mobilising gender action through climate finance.

Gender was not considered in the RCF Pilot and SIM now wishes to rectify this through this gender assessment.

The overall objective of the gender assessment is to understand gender-sensitive development impact opportunities of the RCF-DCF Project.

The Gender Assessment will help to understand relationships between men and women, their access to resources, their activities, and the constraints they face relative to each other. It provides an examination of the different roles, rights, needs, and opportunities of women and men in the context of the agricultural soy sector in Brazil. The results will be used as a tool to help to promote gender – relevant entry points, policies and identify opportunities for enhancing gender equality.

The Gender Assessment will also help to understand the context of Sexual Exploitation, Abuse and Harassment (SEAH) risks within the agribusiness sector and within the specifications of the RCF-DCF Project. The results will be used to understand if/how the project will exacerbate SEAH risks, the mitigation measures required, and the procedures to be implemented if SEAH incidents do occur.

The outcomes of the Gender Assessment will ensure that the RCF-DCF Project complies with GCF's Gender Policy which states:

---

<sup>2</sup>

[https://www.nature.org/content/dam/tnc/nature/en/documents/TNC\\_IncentivesforSustainableSoyinCerrado\\_Nov2019.pdf](https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_IncentivesforSustainableSoyinCerrado_Nov2019.pdf)

“The Fund’s resource allocation for adaptation and mitigation projects and programmes contributes to gender equality and women’s empowerment. The Fund seeks to ensure that its projects and programmes support initiatives addressing the inequity of climate change impacts and to provide gender-sensitive solutions to climate change mitigation, adaptation or readiness. When it is necessary to correct for climate change-exacerbated gender inequality which affects women, the Fund will target funds to support women’s climate change adaptation and mitigation initiatives.”

## 2 METHODOLOGY

---

This assessment uses several different data sources to understand gender dynamics in the soy sector of Brazil.

For general statistics on Brazil, The World Bank Gender Data Portal<sup>3</sup>, 2021, The Global Gender Gap Report 2021 of the World Economic Forum,<sup>4</sup> and the Brazilian Institute of Geography and Statistics<sup>5</sup> (Instituto Brasileiro de Geografia e Estatística in Portuguese, IBGE) were used as sources of information.

For the main analysis, four types of data were used. Firstly, results were taken from a study called 'Women in Agribusiness' carried out by the Center for Advanced Studies in Applied Economics (CEPEA) of the Luiz de Queiroz College of Agriculture (Esalq) and published in 2018/2019<sup>6</sup>. The study analyses the agribusiness segment down to the base of rural properties, looking at a time period from 2004 to 2015. The study analyses and compares microdata from public databases of the National Household Sample Survey (Pesquisa Nacional por Amostra de Domicílios in Portuguese, PNAD), The Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística in Portuguese, IBGE), and the Ministry of Labour and Employment (Ministério do Trabalho e Emprego in Portuguese, MTE).

Secondly, field data was collected by Produzindo Certo, a company which uses an exclusive methodology that identifies the actions necessary for rural properties to produce in balance with people and the environment. With a multidisciplinary team of sustainability experts and the use of cutting-edge technologies, Produzindo Certo has been a pioneer in providing technical assistance in sustainability for rural producers and in bringing companies closer to their supply chain. In 2024, Produzindo Certo visited six rural properties that received finance from the RCF Pilot. A team of sustainability experts collected information related to environmental, social and production issues, to better understand the dynamics of the soy farms being financed.

The Produzindo Certo team recognised that the topic of gender is still rarely addressed in agriculture in Brazil and is considered sensitive by most stakeholders 'inside the farm gate.' Due to this sensitivity, training was provided for the field team responsible for conducting interviews on the properties and a conservative approach was taken. Throughout the process, there were occasional reports of doubts and slight resistance from respondents to the Gender Diversity questions. In the context of the group, this factor may have affected the quality of the responses given to the interviewers.

The properties visited were located in the states of Maranhão, Goiás, and Bahia. Out of a total of 233 employees, 30 were women. The women working on the farms were asked several questions including about their roles on the farm, their education and the main challenges of being a woman in agribusiness.

Thirdly, results were taken from the 'Women in Agribusiness' survey conducted by the Brazilian Agribusiness Association (Associação Brasileira do Agronegócio in Portuguese, ABAG) in 2016 which

---

<sup>3</sup> <https://genderdata.worldbank.org/en/economies/brazil>

<sup>4</sup> [https://www3.weforum.org/docs/WEF\\_GGGR\\_2021.pdf](https://www3.weforum.org/docs/WEF_GGGR_2021.pdf)

<sup>5</sup> <https://www.ibge.gov.br/>

<sup>6</sup> [https://www.cepea.org.br/upload/kceditor/files/Mulheres%20no%20agro\\_FINAL\(3\).pdf](https://www.cepea.org.br/upload/kceditor/files/Mulheres%20no%20agro_FINAL(3).pdf);  
[https://www.cepea.org.br/upload/kceditor/files/Mulheres%20no%20agro\\_VOLUME2\\_\(3\).pdf](https://www.cepea.org.br/upload/kceditor/files/Mulheres%20no%20agro_VOLUME2_(3).pdf);  
[https://www.cepea.org.br/upload/kceditor/files/Mulheres%20no%20agro\\_VOLUME3\(4\).pdf](https://www.cepea.org.br/upload/kceditor/files/Mulheres%20no%20agro_VOLUME3(4).pdf)

surveyed 301 women leaders of agribusiness enterprises to identify the profile of female managers in the segment<sup>7</sup>.

Fourthly, desktop analysis was carried out to understand the SEAH risks related to the agribusiness sector and specifically to soy farms in the Cerrado.

Finally, desktop analysis was carried out on the pipeline of farms analysed for potential inclusion in the RCF Pilot and the final portfolios of farms financed for the three pilot years: 2022, 2023 and 2024. Farms that could be financed by the RCF Pilot, and the RCF-DCF Project in the future, are originated from several sources. Farms are originated by Traive, the credit analysis firm that is part of the RCF management team, as well as from aggregators such as agricultural input suppliers. While this means that the data is not a true random sample of soy farms in the Cerrado, it is reflective of farms that are suitable for financing by the RCF-DCF Project.

---

<sup>7</sup> <https://abag.com.br/wp-content/uploads/2020/08/mulheres-no-agronegocio001-min.pdf>

## 3 OVERVIEW OF GENDER IN BRAZIL

### 3.1 GENERAL STATISTICS

Table 1 provides an overview of sex-disaggregated data and gender statistics for Brazil.

*Table 1. Gender Data Indicators for Brazil*

Gender Data Indicators for Brazil	Figure / Value	Reference
Maternal mortality rate	72 per 100,000 live births	2020. Data retrieved from World Bank Gender Data Portal <a href="https://genderdata.worldbank.org/en/economies/brazil">https://genderdata.worldbank.org/en/economies/brazil</a>
Educational status: Enrolment in primary education, %	Male: 94.8% Female: 94.7%	2021. Data retrieved from Global Gender Gap Report 2021 of the World Economic Forum <a href="https://www3.weforum.org/docs/WEF_GGGR_2021.pdf">https://www3.weforum.org/docs/WEF_GGGR_2021.pdf</a>
Educational status: Enrolment in secondary education, %	Male: 80.3% Female: 83.2%	2021. Data retrieved from Global Gender Gap Report 2021 of the World Economic Forum <a href="https://www3.weforum.org/docs/WEF_GGGR_2021.pdf">https://www3.weforum.org/docs/WEF_GGGR_2021.pdf</a>
Educational status: Enrolment in tertiary education, %	Male: 43.5% Female: 59.5%	2021. Data retrieved from Global Gender Gap Report 2021 of the World Economic Forum <a href="https://www3.weforum.org/docs/WEF_GGGR_2021.pdf">https://www3.weforum.org/docs/WEF_GGGR_2021.pdf</a>
Adult literacy rate	Male: 94.4% Female: 94.9%	2022. Data retrieved from World Bank Gender Data Portal <a href="https://genderdata.worldbank.org/en/economies/brazil">https://genderdata.worldbank.org/en/economies/brazil</a>
Poverty rate	27.4%	2023. Data retrieved from Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística in Portuguese, IBGE).
Labour force participation rate	Male: 73.1% Female: 53.2%	2023. Data retrieved from World Bank Gender Data Portal <a href="https://genderdata.worldbank.org/en/economies/brazil">https://genderdata.worldbank.org/en/economies/brazil</a>
Unemployment rate (% of labour force for 15–64-year-olds)	Male: 10.44% Female: 14.39%	2021. Data retrieved from Global Gender Gap Report 2021 of the World Economic Forum <a href="https://www3.weforum.org/docs/WEF_GGGR_2021.pdf">https://www3.weforum.org/docs/WEF_GGGR_2021.pdf</a>
Political participation rate	Male: 84.8 Female: 15.2%	2021. Data retrieved from Global Gender Gap Report 2021 of the World Economic Forum <a href="https://www3.weforum.org/docs/WEF_GGGR_2021.pdf">https://www3.weforum.org/docs/WEF_GGGR_2021.pdf</a>
Life expectancy	Male: 63.4 Female: 67.4	2021. Data retrieved from Global Gender Gap Report 2021 of the World Economic Forum <a href="https://www3.weforum.org/docs/WEF_GGGR_2021.pdf">https://www3.weforum.org/docs/WEF_GGGR_2021.pdf</a>

### 3.2 LEGAL STATUS OF WOMEN IN BRAZIL

Women in Brazil enjoy the same legal rights and duties as men, which is clearly expressed in the 5th article of Brazil's 1988 Federal Constitution. Brazil possesses a comprehensive set of laws dedicated to fostering gender equality within the labour market, including the agribusiness sector, such as the

Consolidation of Labour Laws (CLT) which mandates equitable remuneration and prohibits any form of gender-based discrimination. There is also specific legislation that contributes to safeguarding women's rights in rural areas, such as the Maria da Penha Law, which combats domestic and familial violence. In addition, the National Policy for Technical Assistance and Rural Extension (PNATER) facilitates the inclusion of women in rural technical assistance programmes.

At the end of 2023, Brazil enacted Law No. 14611/2023, promoting equal pay and fair remuneration through an amendment to the Consolidation of Labour Laws (CLT). Also known as the Equal Pay Law, it is the first legislation to openly address gender pay parity for equivalent positions. Companies with more than 100 employees are now required to prepare and disclose semi-annual reports as a way to ensure transparency.

### **3.3 WORK PROFILE OF WOMEN – PAID VERSUS UNPAID WORK**

According to Brazil's Continuous National Household Sample Survey<sup>8</sup> (PNAD Contínua - Pesquisa Nacional por Amostra de Domicílios Contínua, in Portuguese), in 2022, employed women dedicated 6.8 more hours per week than employed men to household chores and/or caregiving activities. Performing these activities affects the employment of women because it diverts available time for income generation to unpaid domestic and caregiving tasks.

---

<sup>8</sup> <https://www.ibge.gov.br/estatisticas/sociais/populacao/9171-pesquisa-nacional-por-amostra-de-domicilios-continua-mensal.html>

## 4 GENDER IN THE AGRICULTURAL SECTOR IN BRAZIL

---

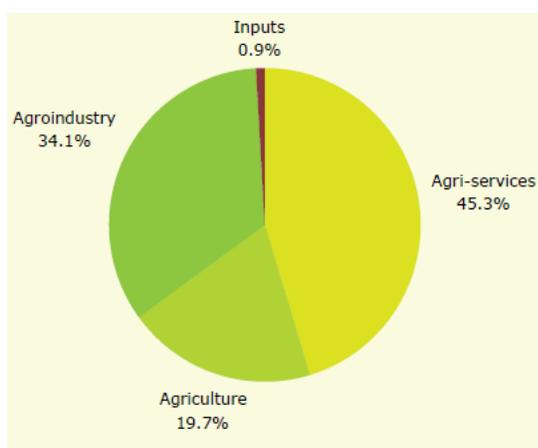
While Brazil has strong legal frameworks concerning gender, effective implementation and practical application still face numerous hurdles. Structural and cultural barriers often hinder the enforcement of gender equality legislation, particularly in more conservative rural areas, which is where agriculture takes place.

Agribusiness can be divided into four groups: agricultural inputs, primary agriculture production, agro-industrial processing, and agri-services. These groups show differences in the divisions of labour between men and women.

### 4.1 DIVISION OF LABOUR AMONG WOMEN AND MEN IN THE BRAZILIAN SOY SECTOR

In Brazil, the labour force participation rate among women is 53% and among men is 72.9% for 2024. However, when looking specifically at agribusiness, the Women in Agribusiness study by CEPEA found that labour force participation for women is 28%. This encompasses the four agribusiness segments: agricultural inputs, primary agriculture production, agro-industrial processing, and agri-services. When each segment is looked at in detail, only 19.66% of the workforce on farms are female, regardless of the production type and only 10.64% of the workforce are female on grain-producing farms (see Figure 1). Part of this difference is due to the historical demand for greater or lesser physical strength in the activities. For example, horticulture (18.79%) and poultry farming (12.19%) require less physical strength, and therefore have a higher percentage of women in the workforce than grain production.

*Figure 1. Distribution of women among the four agribusiness segments in 2014 (2015, CEPEA)*



The segmented data is similar to the findings by Produzindo Certo on the RCF Pilot sampled farms. The survey found that 17% of women are part of the rural workforce on these farms. Looking at individual farms, there was a range from 4% to 20%, with an average of 15% of female employees on each farm.

## 4.2 ROLES OF WOMEN AND MEN IN AGRIBUSINESS IN BRAZIL

Labour roles in agribusiness can generally be divided into field roles and administrative roles. The soy farms financed by the RCF-DCF Project are typically 500 – 2000 ha in size and highly mechanised. These types of farms tend to employ a small number of employees, mainly because commercial soy production relies on machinery rather than manual labour.

Field roles typically include:

- Machine operators — people trained to run large tractors, harvesters and sprayers.
- Skilled technicians — workers who maintain equipment and manage agronomic inputs.
- Supervisors/Managers — oversee daily operations, planning and logistics.

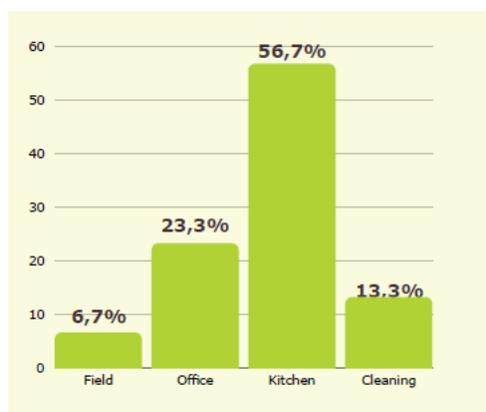
Administrative roles typically include:

- Office work – finances, budgeting, payroll etc.
- Kitchen work – Food preparation for other employees
- General cleaning services – cleaning the office and accommodation areas of the farm,

Employees on these mechanised farms can be as few as 10 individuals. Field and office roles require skilled workers with appropriate training while kitchen and cleaning workers can be unskilled.

The CEPEA study found that the vast majority of women in agribusiness worked in administrative roles (94.2%) rather than field roles (5.8%). For the RCF Pilot soy farms interviewed, over half the women worked in the kitchen, while just 6.7% worked in the field. More details can be seen in Figure 2.

*Figure 2. Division of female labour on RCF Pilot farms surveyed by Produzindo Certo, 2024.*



Labour roles can also be formal or informal. The formal labour market comprises legally regulated workplaces, while the informal labour market encompasses unregulated economies. Formal workers are legally regulated and have contracts, while informal workers do not. Informal work is often characterised by casual labour and may be more vulnerable to exploitation due to the lack of legal protections.

The CEPEA study found an increase in formalisation of labour in agribusiness between 2004 and 2015. This increase in registered workers is significant, considering that the general profile of agribusiness is historically marked by higher informality than the average economy. This behaviour can be explained by three factors: the good economic performance during the analysed period, the sector's active effort to regularise labour conditions and increased oversight and sectorial pressure towards reducing labour conditions–related risks.

### 4.3 EDUCATION OF WOMEN IN AGRIBUSINESS

CEPEA's analyses indicate that between 2004 and 2014, the schooling of women in agribusiness experienced a significant reduction in the participation of education levels equal to or below elementary school, while the participation of women with higher education rose from 7.6% to 15%. Additionally, the high school level maintained a strong growth, accumulating nearly 15 percentage points and representing 45%. More details can be found in Figure 3. Compared to the CEPEA study, the data from RCF Pilot soy farms shows the concentration of female workers' education levels at the elementary level (50%), followed by higher education at 11%. More details can be found in Figure 4.

Figure 3. Education level of women in agribusiness

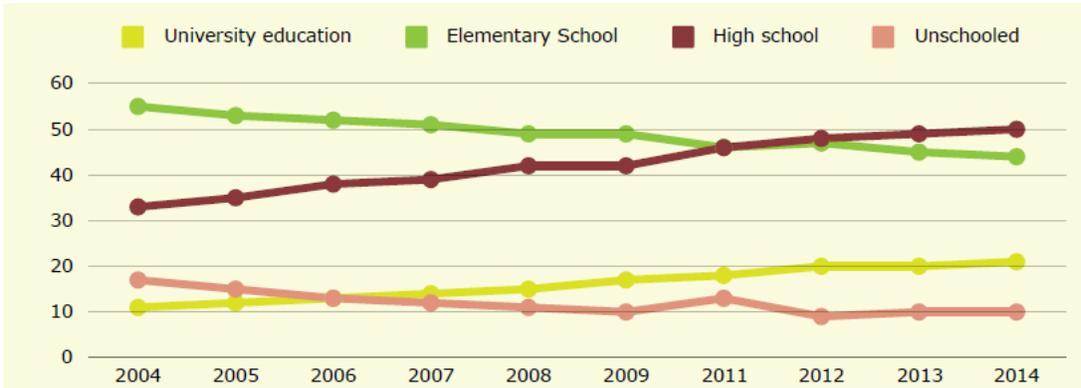
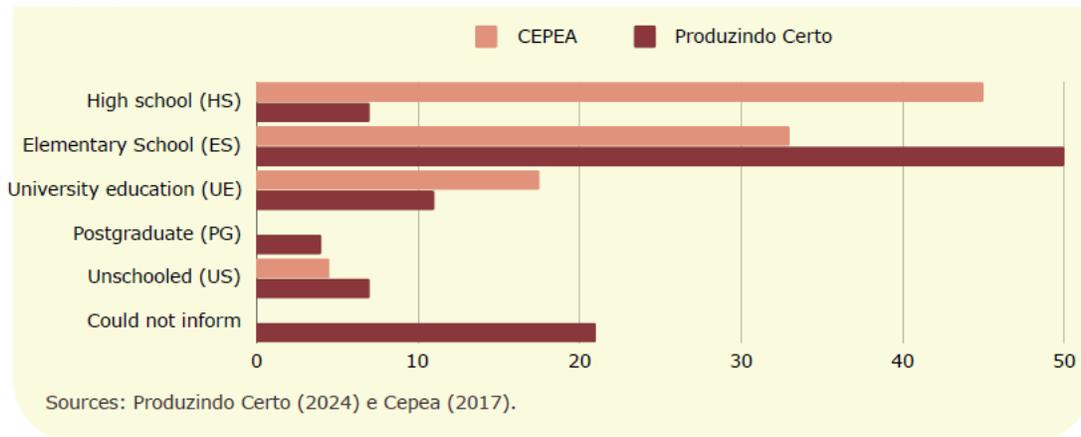


Figure 4. Comparison of education levels found for women in agribusiness in CEPEA study and by Produzindo Certo of RCF Pilot Farms.



It is important to note that the same women with university education are also part of the workforce in the crop fields analysed by the project, leading to the conclusion that, despite the low incidence of women in the field (6.7%), their education level is high. This fact stands out when compared to the leadership profile of the properties: male, with elementary school education, aged 40 to 49 years.

#### 4.4 GENDER OF OWNERS OF RCF PILOT FINANCED FARMS

Farms that could be financed by the RCF pilot, and by the RCF-DCF Project in the future, are originated from several sources and their data analysed to check for compliance with the eligibility criteria for receiving finance. At the time of this assessment, SIM had analysed 1857 farming groups. Of this, 1801 provided information about the gender of their owners. 12% (213 groups) contained at least one female owner. Looking at the portfolios of farms financed by the RCF Pilot, there has been an increase in the percentage of farming groups financed that have at least one female owner, with 38% of the groups financed in the most recent year (see Table 2 for more details). It is important to note that the gender of owners is not a criterion for the selection of a farm to be financed.

Table 2. Gender distribution of farming groups financed by the RCF Pilot

Portfolio	Farming groups financed	Number of groups with at least one female owner	% of groups with at least one female owner
2022	8	0	0
2023	23	6	26%
2024	8	3	38%

## **5 CHALLENGES AND OPPORTUNITIES**

---

### **5.1 GENERAL RESISTANCE TO THE TOPIC**

The resistance to new topics is a natural and inherent reflection of the human behavioural change process. Furthermore, despite gender diversity being widely discussed in large urban centres, it is still unknown in the Brazilian rural reality, potentially confronted with previous divergent concepts, cultural differences, and unconscious biases. Aware of this and based on the field experience of the Produzindo Certo team, there was an expectation from the outset when interviewing RCF Pilot financed farms about the novelty and sensitivity of the addressed topics and the potential field reaction, not only in resistance but also in apprehension to the questions posed.

Confirming initial suspicions, field technicians initially found the mentioned behavioural pattern of resistance from interviewees and property leaders and also experienced mild difficulties in articulating the interviews. Throughout the data analyses, this fact demonstrated not only that the agribusiness sector understands the topic of gender diversity as something new and, therefore, unfamiliar to its reality, but also needs to be educated about it.

Thus, the first opportunity is the application of educational journeys to bring this new content to all property stakeholders, and it is important that this is done in a language that is suitable for the field reality and in different formats, as a multiple approach communication and teaching strategy.

### **5.2 EQUALITY OF OPPORTUNITIES**

Equality of opportunities is the central issue of the gender agenda for agribusiness and also the most complex, as it involves direct factors, such as data pointing, and indirect nuances, such as educational, behavioural, and cultural factors. For this reason, it requires the recapitulation of a series of points until it is possible to discuss risks and opportunities.

One of the main barriers also faced by women in Brazilian agribusiness is the inequality of opportunities among different genders. Although direct, this statement is structured under a series of complex layers and secondary themes that are mostly market knowledge, and in one way or another, already part of daily life and of social and market movements. Nonetheless, they are a priority agenda within most companies that use SDG 5 as an approach and communication framework.

The dichotomy between the increase in the education level of female workers in agribusiness, the main occupation pattern of women, and the leadership profile of properties nowadays leads to a scenario of almost stagnation in the rise of women in the 'gate-to-gate' segment. The data indicate that the origin of this risk lies in understanding that rural work still essentially relies on physical strength, which justifies the massive and historical presence of men in the field, while 70% of women are allocated to personnel and structural case functions, such as working in the kitchen and cleaning support.

Although still low, the increase in education level of women in agribusiness and the good level of job satisfaction indicate a trend towards improvement in the female reality in the segment. These facts, however, further expose the difference between the hierarchical level of positions occupied by women and men: The majority of property leaderships are male, and despite having a lower average education than women, they occupy the highest paying and most important positions. The results indicate a possible

trend of resistance and/or slowness to change in the segment and little appreciation of female labour, which has an average profile of low education, aged 40-49, married, and with children.

There is a direct connection between the increase in the education level and the participation rate of women in the employed population in agribusiness, driven by the agroindustry segment that seeks more qualified labour. Although the average education level of women in agribusiness is higher than that of men, the positions occupied by women are still the lowest hierarchical level and concentrate on domestic and caregiving activities, such as general cleaning and kitchen support. This imbalance reflects the devaluation of female labour in the field while making clear the power of investment in employee education, a significant driver and promoter of change.

### **5.3 EQUALITY OF REMUNERATION, AND WORKING CONDITIONS**

Another critical dimension of gender inequality, not exclusive to agribusiness, is the wage gap between men and women. Even when performing the same functions, women often receive 19.4% lower pay than their male colleagues, according to the Corporate Pay Equality Report released by the Ministry of Labor and Employment (Ministério do Trabalho e Emprego in Portuguese, MTE) for 2024. The report is based on the Equal Pay Law of 2023, by which companies with more than 100 employees are required to provide salary data transparency and support the developed changes with data. Similar values (21% to 30%) were also pointed out by CEPEA's study for the wage difference between genders.

Finally, working conditions represent another significant challenge for the gender agenda: women in agribusiness still have less access to benefits and social protection, such as maternity leave and double work shifts, in addition to labour security. The format of the workday and work environment have not adapted to changes and the needs of different genders, which has led to greater exposure of women in agribusiness to an apparent limitation of their scope of action, affecting the perception of equity and overall well-being of these women.

The correlation of this dataset thus corroborated the common sense, that the agribusiness segment still needs significant advances in gender appreciation and investing time and resources to balance this equation. This is a market demand that increases daily, pressuring for short and medium-term advances, made voluntarily and independently of public policies and legal obligations.

The opportunity that this set of points presents is also related to investment in training, but focused on leadership, so that agribusiness producers and managers understand the gender agenda as something positive that contributes to a profitable business model. Changing the mindset and understanding the relevance of investing in social capital (people) as a strategy in implementing best practices should be based on equity of access to working conditions and opportunities, even if this requires active efforts and greater effort at first.

### **5.4 LACK OF REPRESENTATION IN THE FIELD AND HIGHER HIERARCHICAL LEVELS**

Gender prejudice and discrimination are persistent realities in the general scenario of Brazil, not exclusive to the agricultural sector. The lack of female representation in higher hierarchical and economically valued positions aggravates this situation, perpetuating a cycle of exclusion and inequality as previously reported. Reports point to a trend of sexist culture in the segment; however, field data collections did not provide data that corroborate this scenario, which does not exclude the existence of the pattern,

considering Brazil's historical-economic reality. In the country, women make up 49.6% of the population and, in agribusiness, this number drops to 10.64%. However, when we look at leadership, the scenario is challenging. Field numbers show that the analysed properties have only male leadership and, although they have a lower level of education than female field leaders, they make the final decisions. In contrast, the age range between general leadership and female field leadership points to more experience among genders: while most male leaders are aged 40 to 49, women are aged 30 to 39. This factor may indicate more experience in the role, but better conclusions require expanding the field sample.

The challenge of increasing female presence in agriculture is significant, requiring active promotion actions and being fundamental to advancing the diversity agenda, demonstrating the essential role women play in the economy and agricultural production, even though this egalitarian representation is far off.

## 6 GENDER CONCLUSIONS AND THE PROJECT APPROACH

---

As seen from the results of the studies, field analysis, and analysis of the pipeline of RCF-DCF Project farms, the major challenges of the gender agenda are connected to three major themes:

- 1) general resistance to the topic of gender inclusion
- 2) equality of opportunities
- 3) equality of remuneration and working conditions
- 4) the lack of gender representation in the field and higher hierarchical positions.

The data also shows that the soy sector in Brazil is in the initial phase of the journey towards gender equality and faces challenges recognizing the problem to then begin addressing it.

### 6.1 GENDER RELATED ACTIONS

It is important to note that the objective of the RCF-DCF Project is to protect native vegetation that could otherwise be deforested or converted, on soy farms in the Cerrado. This, alongside the sensitive nature of gender diversity within the soy sector in Brazil, means that actions to improve gender equality on the farms that receive finance from the RCF-DCF Project should be realistic and aim for incremental steps up from the low baseline. For this reason, actions should focus on promoting changes and good practices by the farmers to improve the soy sector's short and medium-term reality.

For the challenge of general resistance to the topic of gender inclusion the following action is included in the Gender Action Plan:

- Raise public awareness of the need for gender equality in agribusiness, promoting the creation of an egalitarian culture, where there is space for both genders and accelerating the market transition moment. Build collaborations with gender equality initiatives in Brazil, create communications materials on gender equality, hold farmer field days (workshops) to raise awareness about gender equality and encourage the hiring of women in management positions.

By raising public awareness of the topic and providing communications materials and workshops for farmers participating in the project, the topic of gender inclusion will become more understood and accepted, helping to improve gender equality on soy farms in the Cerrado.

This activity will be achieved through collaborations with gender equality initiatives in Brazil which will work with SIM to develop the contents of the communications materials and workshops.

For the challenge of equality of opportunities, the following actions are included in the Gender Action Plan:

- Raise public awareness of the need for gender equality in agribusiness, promoting the creation of an egalitarian culture, where there is space for both genders and accelerating the market transition moment. Build collaborations with gender equality initiatives in Brazil, create communications materials on gender equality, hold farmer field days (workshops) to raise awareness about gender equality and encourage the hiring of women in management positions.

Communications and workshops will include information on why women are equally suitable for technical field roles on farms (where they are currently underrepresented) which will help to change the mindset of farm owners about their hiring practices.

- Invest in farms that commit to deforestation and conversion free soy production which have at least one female owner.

This will help support and champion women already participating in soy farming. In addition, women business owners may be more open to hiring women in technical field roles typically taken by men because also work in a higher hierarchical position and so won't see gender as a limiting factor.

For the equality of remuneration and working conditions, the following actions are included in the Gender Action Plan:

- Require farms financed by the RCF-DCF Project comply with Brazilian legislation relating to gender equality and SEAH risks, and with the project SEAH policy which will align with the GCF requirements on SEAH.

The Brazilian legislation relating to gender equality that farmers must comply with is the Brazilian Labour Code (Consolidação das Leis do Trabalho – CLT):

- Article 461 which states that where workers perform identical functions, work of equal value for the same employer and in the same location, they are entitled to equal pay, without distinction of sex, nationality or age.
- Articles 392 – 400 which states that women have the right to paid maternity leave and prohibits dismissal without cause during pregnancy and for 5 months after delivery.

Compliance with these articles ensures equality of remuneration and the recognition of appropriate working conditions for women. This compliance will be included in the Environmental and Social Commitment Plan which will be included in the contracts with farmers.

The requirement for compliance with SEAH risks and the project SEAH policy is explained in section xx.

## **6.2 RISKS TO ACHIEVING GENDER RELATED IMPACTS**

The activities related to achieving gender related impacts largely consist of training, awareness raising and complying with Brazilian legislation. Trainings and awareness raising will be voluntary activities because gender is a sensitive topic for soy farmers, as explained in Section 5.1. Mandatory trainings would likely make the farmers less likely to choose to participate in the project because they find the topics uncomfortable. Instead, over the course of the 12 years of the project we will make trainings available and distribute communications materials to slowly nudge farmers to gain knowledge on the need for gender equality. There is likely to be a low risk of unintended consequences such as increased time poverty for women if they are employed in managerial roles on a farm as a result of project trainings because a holistic approach to gender topics will be used to explain topics such as women's domestic and caregiving responsibilities.

## **6.3 GOVERNANCE AND ACCOUNTABILITY**

The Director of ESG and Compliance at SIM will be responsible for The Director of ESG and Compliance will be the gender focal point and will oversee implementation of the Gender Action Plan and monitor progress of the implementation of the actions.

SIM, as the Accredited Entity, will also ensure that there is a gender balance in all project committees and advisory bodies related to the RCF-DCF Project.

SIM, as the Accredited Entity, will include gender outcomes in annual progress reports for the GCF and other investors and will make gender outcomes available in the publicly available annual reports of the RCF-DCF Project. Gender outcomes will be verified by an independent auditor specialised in assessing gender equality performance.

## 7 SEXUAL EXPLOITATION, ABUSE AND HARASSMENT (SEAH)

---

### 7.1 CONTEXTUAL RISK

“Sexual Harassment” includes unwelcome sexual advances, requests for sexual favours, and other verbal or physical conduct of a sexual nature, that interferes with work, or is made a condition of employment, or creates an intimidating, hostile or offensive environment in connection with a fund-related activity.

“Sexual Abuse” means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.

“Sexual Exploitation” means any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to profiting monetarily, socially, or politically from the sexual exploitation of another.

In the agribusiness sector, SEAH can be found at all levels of the value chain. The RCF-DCF Project will finance soy farms in the Cerrado which commit to deforestation and conversion-free soy production. Therefore, the context of SEAH is focussed at the farming and primary production level.

In general, research shows that women agricultural workers experience high levels of violence and harassment by supervisors and colleagues in the fields, plantations and greenhouses of agribusinesses globally.

In the agribusiness sector, SEAH can be found at all levels of the value chain. The RCF-DCF Project will finance soy farms in the Cerrado which commit to deforestation and conversion-free soy production. Therefore, the context of SEAH is focussed at the farming and primary production level.

In general, research shows that women agricultural workers experience high levels of violence and harassment by supervisors and colleagues in the fields, plantations and greenhouses of agribusinesses globally.

The following activities are recognised as being commonly associated with higher levels of SEAH risk<sup>9</sup>  
<sup>10</sup>.

#### 7.1.1 Remote, rural locations

Soy farms in the Cerrado, which is the focus of the RCF-DCF Project, are in remote, rural locations. This is a SEAH risk because it increases the opportunities for men to perpetrate sexual assault and harassment because individuals are physically distant from neighbours, support networks, and formal services, making it harder to leave a situation or call for help. There is also limited or non-existent public transport which means if victims do not have personal vehicles then they can be trapped in an abusive situation.

---

<sup>9</sup> Green Climate Fund .2021. Revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment. <https://www.greenclimate.fund/document/revised-policy-prevention-and-protection-sexual-exploitation-sexual-abuse-and-sexual>

<sup>10</sup> IFC, EBRD, CDC, 2020, Addressing Gender-Based Violence and Harassment (GBVH) in the Agribusiness Sector. <https://www.ifc.org/content/dam/ifc/doc/mgrt/sectorbrief-addressinggbvh-agribusiness.pdf>

### **7.1.2 Lack of facilities**

Another SEAH risk is a lack of facilities in agricultural project sites and farm worker accommodation or other physical spaces, as well as overcrowded and/or mixed worker accommodation and lack of separate facilities especially for women. Brazilian law and requires decent dorms, sanitation and sex-segregated sleeping/bathroom areas for rural workers, however, investigations have found this to not always be the case. This is a low risk of the RCF-DCF Project because the soy farms are highly mechanised and therefore have fewer employees than other agricultural sectors which makes overcrowding less likely.

### **7.1.3 Temporary and seasonal working**

In the agricultural sector, a SEAH risk is the engagement of temporary, seasonal and migrant workers, often exacerbated by precarious employment conditions and low levels of unionisation, which reduce the likelihood of workers reporting SEAH for fear of losing jobs. This is a low risk for the RCF-DCF Project because women are typically employed on the farms in administrative roles such as office work, kitchen work and general cleaning services which are not seasonal. In addition, the farms are highly mechanised and so generally don't require additional workers for planting or harvesting so there are few seasonal fluctuations in the number of workers on a farm.

There can also be a risk that the arrival of a large, predominantly male workforce into a community can alter existing power dynamics and potentially increase risks of SEAH against local women. This is a low risk for the RCF-DCF Project because the farms are highly mechanised and so generally don't require additional workers for planting or harvesting so there are few seasonal fluctuations in the number of workers on a farm.

### **7.1.4 Seasonal fluctuations in workload**

In the agricultural sector, seasonal fluctuations in workload (due to planting, harvesting etc.) can increase the likelihood of physical and verbal abuse in an attempt to immediately boost productivity, contributing to an environment where SEAH is tolerated. This is a low risk for the RCF-DCF Project for two reasons. Firstly, women typically work in administrative roles which are not connected to productivity in the fields. Secondly, the farms are highly mechanised and so generally don't require additional workers for planting or harvesting so there are few seasonal fluctuations in the number of workers on a farm.

### **7.1.5 Asymmetrical power relations**

On farms with male management, there is a SEAH risk of asymmetrical power relations, with men in positions of power and women in lower paid, lower authority positions. This is a risk on farms financed by the RCF-DCF Project because the majority of the farms are male-owned.

### **7.1.6 Lack of digital penetration**

In rural areas there can be a lack of digital penetration resulting in a lack of ability for farm workers to communicate SEAH issues or risks or access services. This is a low risk for the RCF-DCF Project because in Brazil ownership of a mobile phone is nearly 90%.

### **7.1.7 Lack of SEAH knowledge, training and services due to disparate project sites**

RCF-DCF Project financed farms will be spread across the Cerrado biome. Due to this, there is a risk that farms will have a lack of SEAH knowledge, training and services.

## **7.2 DETERMINATION OF HOW THE PROJECT MAY EXACERBATE THE RISK OF SEAH**

The RCF-DCF Project will finance soy farms in the Cerrado which commit to deforestation and conversion-free soy production. The farms will continue their normal day-to-day activities; there will be no

land expansion or additional employment. Therefore, the project will not exacerbate the risk of SEAH beyond the risks already identified.

### **7.3 SEAH RELATED ACTIONS**

The following actions are incorporated into the Gender Action Plan to make SEAH less likely to occur in the RCF-DCF Project.

To address the risk of soy farms being in remote, rural locations, the following actions are included in the Gender Action Plan:

- Develop SEAH reporting channels and communications materials for farmers to display on RCF-DCF financed farms.

The RCF-DCF Project will have an anonymous online form, email address, postal address and phone number for individuals to report SEAH concerns or incidents. Farmers financed by the RCF-DCF Project will be required to display posters with this information (provided by the project) in prominent locations in workspaces on their farms. A QR code on the poster will be used to provide a quick link to the online form.

Any reports made will be managed according to the Grievance Redress Mechanism which can be found in Annex 6 ESMS.

To address the risks of a lack of facilities the following actions are included in the Gender Action Plan:

- Require farms financed by the RCF-DCF Project comply with Brazilian legislation relating to gender equality and SEAH risks, and with the project SEAH policy which will align with the GCF requirements on SEAH.

The Brazilian legislation relating to SEAH that farmers must comply with is:

- Brazilian Labour Code (Consolidação das Leis do Trabalho – CLT) Article 389 which states that the employer is obliged to provide their employees with sanitary and comfort facilities adequate to protect health and hygiene at work, according to the nature of the activity and the number of workers.
- NR-24 (Norma Regulamentadora nº 24), a regulatory standard which provides technical details on the requirements for sanitary and comfort facilities at workplaces.

To mitigate this risk of asymmetrical power relations, the following action is included in the Gender Action Plan:

- Invest in farms that commit to deforestation and conversion free soy production which have at least one female owner.

This will ensure that more RCF-DCF Project financed farms will have female owners, reducing the risk of asymmetric male – female power relations.

To mitigate the risk of a lack of SEAH knowledge and training, the following action is included in the Gender Action Plan:

- Include SEAH awareness raising in communication materials and at workshops

The RCF-DCF Project will hold 'Farmer Field Days' which are training days hosted in rural areas to allow the participation of farmers and farm workers who may be unable to attend events in cities etc. These training days will include information on SEAH prevention and will be organised in collaboration with relevant Brazilian organisations. As well as this, educational communications materials will be developed to improve farmers' SEAH knowledge and will be distributed to all farmers financed by the RCF-DCF Project. The materials will be developed in collaboration with relevant Brazilian organisations.

# Responsible Commodities Facility – Deforestation and Conversion Free: Finance for soy production in the Cerrado, Brazil (RCF-DCF Project)

## Annex 8b: Gender and Social Inclusion Plan

Prepared for GCF, January 2026

Activities	Indicators and Targets	Timeline	Responsibilities	Costs	
<b>Impact Statement:</b> IF the appropriate investment capital is provided to the RCF-DCF Project THEN they will be able to incorporate a gender lens in the investment strategy and raise awareness of the need for gender equality in agribusiness RESULTING in improved gender outcomes and more socially-inclusive production models BECAUSE farms will be adequately incentivized and have a better understanding of the need to work towards gender equality in agribusiness.					
<b>Output Statement:</b> Finances lead to an increased number of female RCF-DCF Project investees (50%) and farms in compliance with legislation relating to gender equality and SEAH risks, plus awareness raising increases the knowledge base of farmers about gender equality and SEAH, helping to create gender inclusive workplaces for women to thrive.					
1	Invest in farms that commit to deforestation and conversion free soy production which have at least one female owner.	% farming groups with at least one female owner at the portfolio level. Target: 50%	Investment vehicles will be issued with three or four year terms. Where the lifetime of the investment is less, the target will remain the same.	SIM	USD 0. Costs of originating and analysing the pipeline of farms are incorporated into the project costs and so do not require a separate budget.
2	Require farms financed by the RCF-DCF Project comply with Brazilian legislation relating to gender equality (CLT Articles 461 and 392 – 400 ) and SEAH (CLT Article 389 and NR-24) risks.	% of contracts with farmers that includes clauses requiring compliance with Brazilian legislation relating to gender equality and SEAH risks and the project specific SEAH policy. Target: 100%	All contracts with farmers must include these clauses from the start of the implementation of the project.	SIM	USD 0. Costs of contract template development are incorporated into the project costs and so do not require a separate budget.

3	<p>Raise public awareness of the need for gender equality in agribusiness, promoting the creation of an egalitarian culture, where there is space for both genders and accelerating the market transition moment. Build collaborations with gender equality initiatives in Brazil, create communications materials on gender equality, hold farmer field days (workshops) to raise awareness about gender equality and encourage the hiring of women in management positions</p>	<p>a) Number of collaborations with gender equality initiatives in Brazil to work on activities to accelerate the transition to gender equality in agribusiness. Target: 5 collaborations</p> <p>b) Number of educational communications created (booklets, videos, blog posts etc) and disseminated on the need for gender equality in agribusiness. Target: 2 per year (24 in total)</p> <p>c) Number of farmer field days (workshops) to raise awareness on gender equality and women's leadership. Target: 10 farmer field days. 150 farmers participate.</p>	<p>1) Two Collaborations will be sought at the start of the project, with new collaborations investigated every 2 years to ensure new initiatives are included in activities.</p> <p>2) 2 communications will be produced each year.</p> <p>3) 1 farmer field day per year once the fund is implemented.</p>	<p>SIM (Director of ESG and Compliance, Communications Team) and collaborating organisations</p>	<p>USD 0. Costs are incorporated into the project costs and so do not require a separate budget.</p>
4	<p>Develop SEAH reporting channels and communications materials for farmers to display on RCF-DCF financed farms.</p>	<p>Number of SEAH reporting channels developed. Target: 4 channels</p> <p>Number of farms displaying SEAH communications materials (posters): Target: 100% farms</p>	<p>Channels will be implemented within the first quarter of project implementation.</p> <p>Posters must be displayed on farms within 1 month of receiving RCF-DCF financing.</p>	<p>SIM (Director of ESG and Compliance and Communications Team)</p>	<p>USD 0. Costs of development are incorporated into the project costs and so do not require a separate budget.</p>
5	<p>Include SEAH awareness raising in communication materials and at workshops</p>	<p>1) Number of educational communications created (booklets, videos, blog posts etc) and disseminated on SEAH risks. Target: 1 per year (24 in total).</p> <p>2) Number of farmer field days (workshops) to raise awareness on gender equality and women's leadership. Target: 10 farmer field days (same days as gender awareness). 150 farmers and farm workers participate.</p>	<p>1) 1 communication produced each year.</p> <p>2) 1 farmer field day per year once the fund is implemented.</p>	<p>SIM (Director of ESG and Compliance, Communications Team) and collaborating organisations</p>	<p>USD 0. Costs are incorporated into the project costs and so do not require a separate budget.</p>

All indicators and targets will be verified by an independent auditor which specialises in gender and SEAH outcomes.