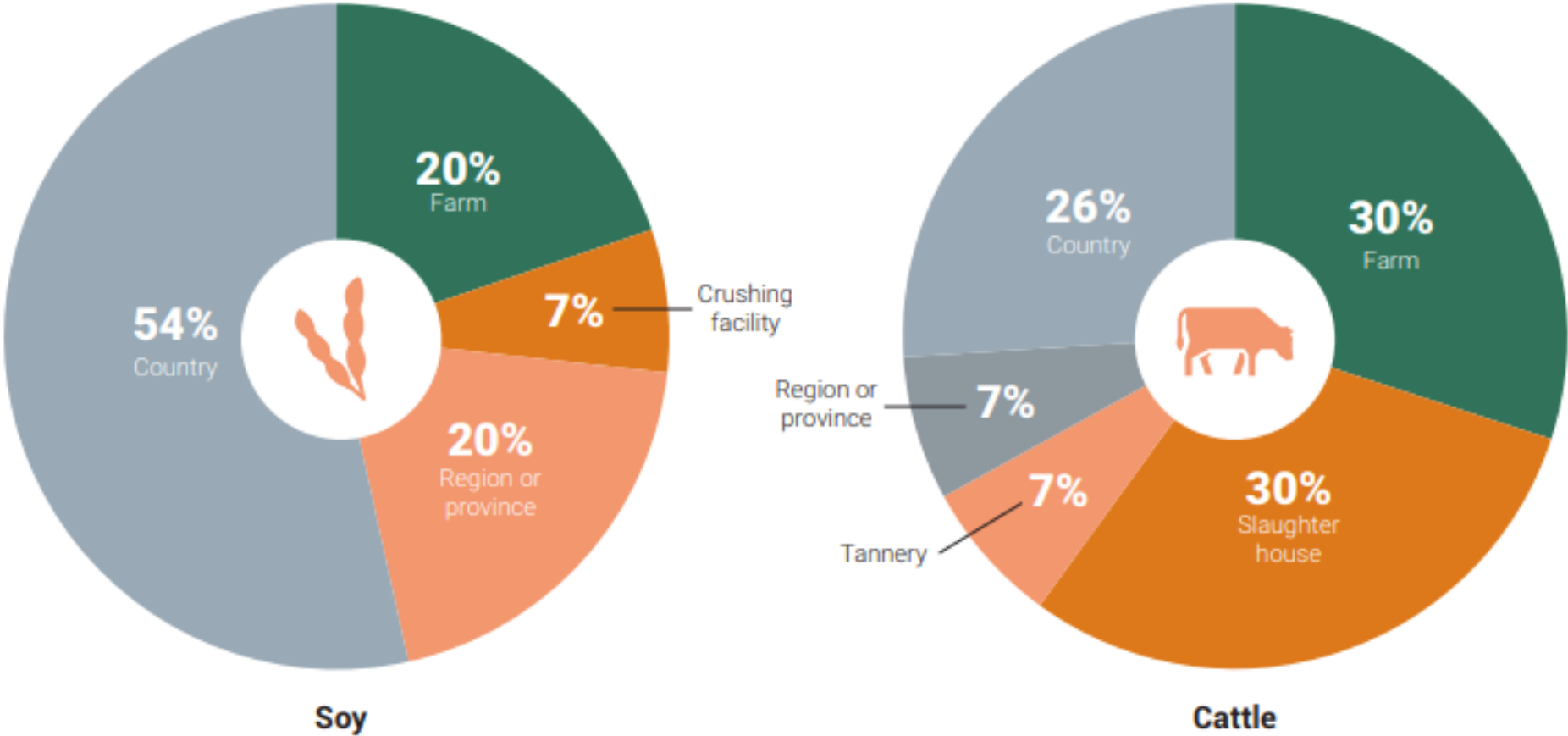


# Cattle supply chain traceability

Figure 3: Point in supply chain to which supply is traceable





# Livestock sector readiness to access climate finance: an analysis of barriers and opportunities

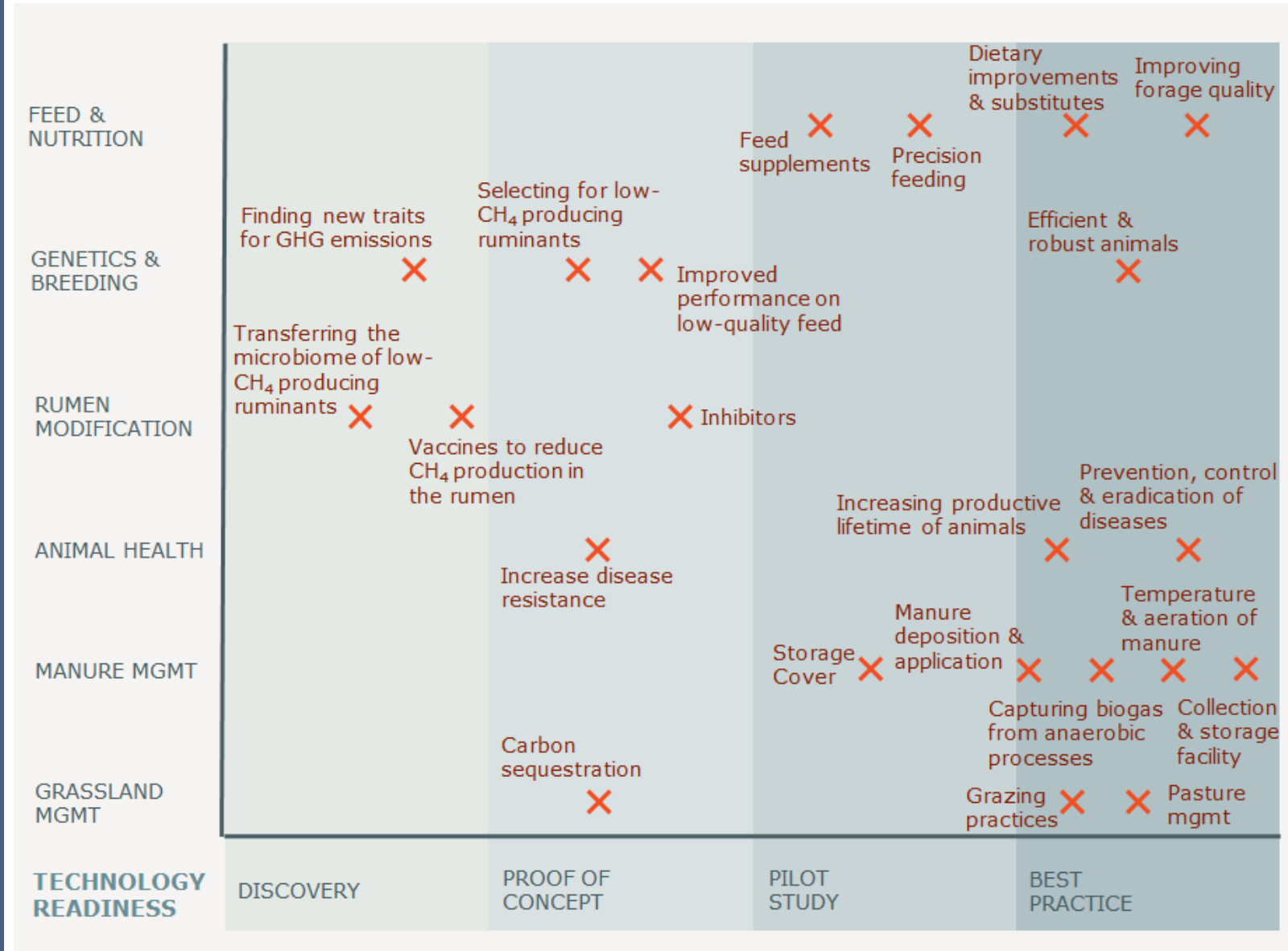




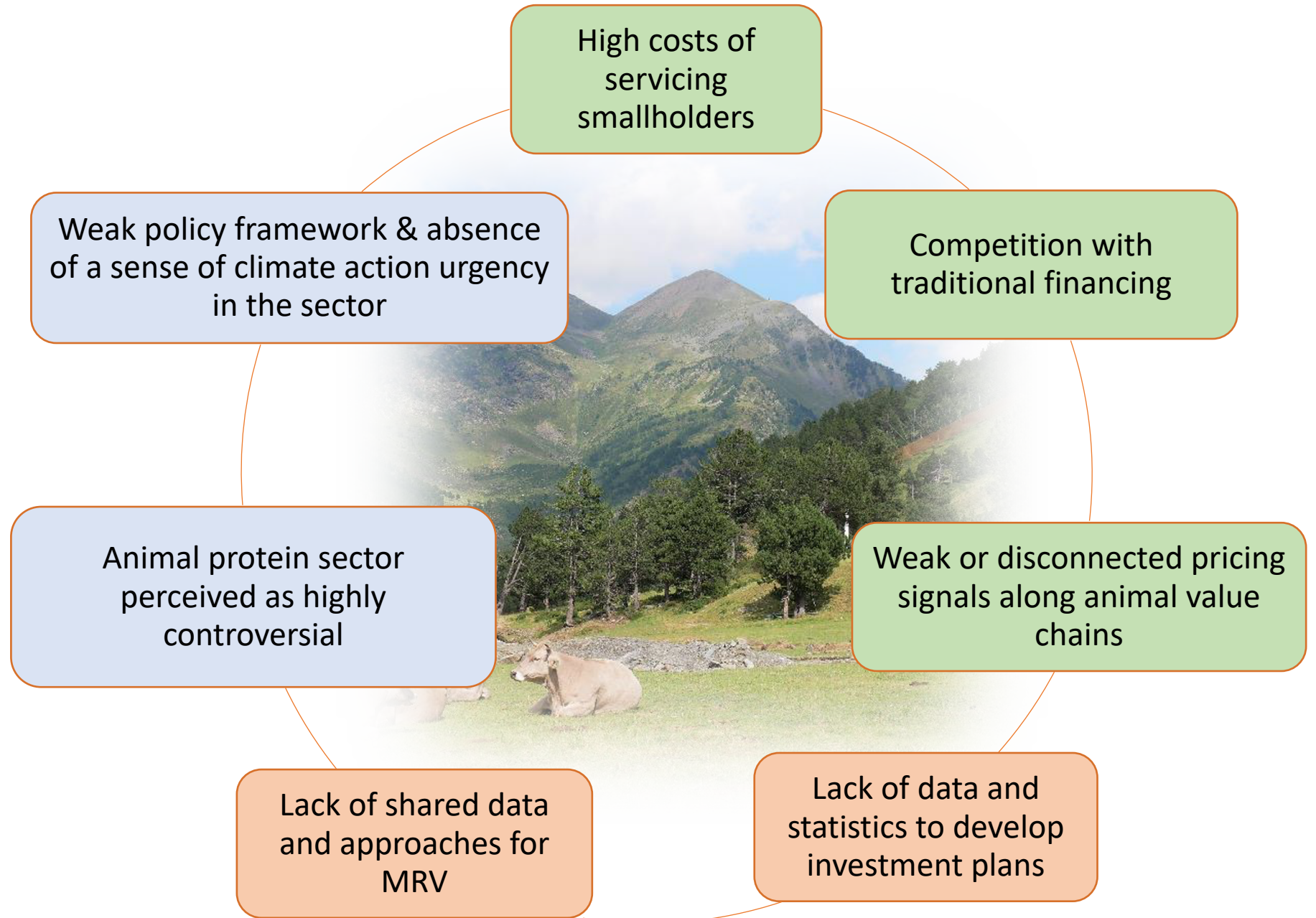
## Mitigation pathways and their readiness

The livestock sector represents 14.5 percent of total GHG emissions worldwide (FAO, 2013)

Livestock sector is part of the climate change problem but also of the solution as large and bankable mitigation options exist.



## Obstacles restricting climate finance flow into the animal protein sector





Building on or scaling up existing investment opportunities and integrating climate considerations **can result in multiple wins**



**Emissions reduction  
reductions through  
efficiency gains:**

Productivity, market  
access, farmers income,  
food safety, gender.

**Removals through  
carbon sequestration:**

resilience, biodiversity  
conservation, water  
systems.



## Next steps - six investment opportunities

1. Sector-specific credit line with climate conditionalities
2. Value chain finance promoting native ecosystem protection
3. Animal protein sector participation in emissions trading schemes
- 4 Programmatic support for policy changes
5. Sourcing deforestation-free feed from Verified Sourcing Areas (VSAs)
6. Prize-based climate finance programs for technical innovation





# PLEASE JOIN OUR CLIMATE FINANCE and LIVESTOCK COMMUNITY of PRACTICE

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# **&GREEN FUND – MARFRIG TRANSACTION**

**INVESTING IN INCLUSIVE AGRICULTURE, PROTECTING FORESTS**



## GOAL & VISION

# &Green's goal

The **&Green** Fund aims to prove that financing **inclusive, sustainable** and **deforestation-free** commodity production can be **commercially viable and replicable**, thus strengthening the case for a rural development paradigm that protects valuable forests and peatlands and promotes high productivity agriculture.

STRICTLY CONFIDENTIAL | **&GREEN** | ADVISED BY SAIL VENTURES



*&Green's investment into Marfrig is fully aligned with &Green Theory of Change and market transformative approach*

## FIRST BRAZILIAN MEATPACKER TO COMMIT TO TRACE AND MONITOR INDIRECT SUPPLIERS

By establishing 100% supply chain traceability across the supply chain for the first time in Brazil.

- Pioneering in adopting traceability tools at scale.
- Complex supply chain, with many Tiers.
- Indirect suppliers generate 59% of the deforestation in the Amazon Biome.

## FIRST BRAZILIAN MEATPACKER TO COMMIT TO TRACE AND MONITOR CERRADO SUPPLIERS

Starting with direct suppliers through replication of the Amazon biome model and then moving to indirect suppliers.

- Approx. 40% of total supply base.
- 19.5% of the forest could still be deforested legally, beyond legal compliance is key.

## LINKING MEASURABLE, LONG-TERM FOREST PROTECTION TO SUPPLY CHAIN MANAGEMENT

Apply legal compliance criteria first and then beyond legal compliance zero-deforestation conditions to all suppliers.

- Minimum 1,250,000 ha of protected forest, of which 600,000 ha are above legal reserve requirements.
- Additional ERs to be generated in the Cerrado (within MT), and by indirect suppliers expected to be high.

## SECURING A HIGH INCLUSION OF SMALLHOLDER RANCHERS FOR COMPLIANCE

Working with service providers, public agencies, FIs, to develop and provide services to support suppliers' compliance.

- Launching a protocol for the re-insertion of blacklisted cattle farmers; Min >7,000 ha of forest restored.
- Developing blueprints for ESG-linked financial mechanisms.
- TA programs on legal compliance, ICL, restoration, etc; Min >6,000 ha of pasture restored.

*&Green is to work with one of the biggest meat producers in Brazil to catalyse its transformation impact and hold it legally and financially accountable to its commitments. 10-year, USD 30 million loan with specific contractual ER commitments and frequent milestones for investor and stakeholder interaction.*



## GLOBAL BEEF PRODUCER WITH A ZERO-DEFORESTATION COMMITMENT IN BRAZIL

Marfrig Global Foods S.A. ("Marfrig") is a Brazilian multinational corporation and the second largest animal protein producer worldwide. It has one of the largest upstream cattle supply chains in Brazil, with >30,000 direct suppliers and >60,000 indirect suppliers.

Marfrig will be using funding from &Green in its implementation of a program for the acquisition of no-deforestation cattle in the Amazon and Cerrado biomes.

### INVESTMENT STRUCTURE

**&Green will provide a USD 30 million loan**, to be disbursed in Q1 2021. The loan carries a 10-year tenor and acts as a complement and enabler of a USD 500 million Sustainable Transition Bond issued by Marfrig in 2019.

### INVESTMENT RATIONALE

This investment aims to bolster Marfrig's commitment to address cattle-driven deforestation, pioneering as the first Brazilian meatpacker to commit to trace and monitor indirect suppliers. Marfrig's commitment serves as a potential proof of concept for the Brazil meat industry, where it can influence both direct and indirect suppliers on legal compliance and forest protection.

#### SUPPLY CHAIN TRACEABILITY

Achieve and maintain traceability of all suppliers in the Amazon and Cerrado.

#### ENVIRONMENTAL RETURN

Linking long-term forest protection to supply chain management.

#### TRANSFORMATIVE INCLUSION

Inclusion and empowerment of small-scale cattle ranchers.





**PLEASE CONTACT US FOR MORE INFORMATION**

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**THANK YOU**