

**GREEN
CLIMATE
FUND**

Meeting of the Board

29 June – 2 July 2026

Dushanbe, Tajikistan

Provisional agenda item 11

GCF/B.45/02/Add.08

12 June 2026

Consideration of funding proposals – Addendum VIII

Funding proposal package for FP307

Summary

This addendum contains the following six parts:

- a) A funding proposal titled "Mekong Earth Regeneration Fund (MERF)";
- b) No-objection letter issued by the national designated authority(ies) or focal point(s);
- c) Environmental and social report(s) disclosure;
- d) Independent Technical Advisory Panel's assessment;
- e) Response from the accredited entity to the independent Technical Advisory Panel's assessment; and
- f) Gender documentation.

Table of Content

Funding proposal submitted by the accredited entity	3
No-objection letter issued by the national designated authority(ies) or focal point(s)	59
Environmental and social report(s) disclosure	62
Independent Technical Advisory Panel's assessment	64
Response from the accredited entity to the independent Technical Advisory Panel's assessment	73
Gender documentation	75

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.

The documents are presented as submitted by the Accredited Entity.

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:	Mekong Earth Regeneration Fund (MERF)
Country(ies):	Lao PDR, Viet Nam
Accredited Entity:	Deutsche Bank AktienGesellschaft AG
Date of first submission:	[2026/04/01]
Date of current submission	[2026/06/08]
Version number	[V.001]



GREEN
CLIMATE
FUND

Contents

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

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

Please use the following name convention for the file name:

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

A. PROJECT/PROGRAMME SUMMARY			
A.1. Project or programme	Programme	A.2. Public or private sector	Private
A.3. Request for Proposals (RFP)	<u>Not applicable</u>		
A.4. Result area(s)		GCF contribution	Co-financers' contribution¹
	Mitigation total	<u>Enter number</u> %	<u>Enter number</u> %
	<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	40 %	40 %
	Adaptation total	<u>Enter number</u> %	<u>Enter number</u> %
	<input checked="" type="checkbox"/> Most vulnerable people and communities	25 %	25 %
	<input checked="" type="checkbox"/> Health and well-being, and food and water security	10 %	10 %
	<input type="checkbox"/> Infrastructure and built environment	<u>Enter number</u> %	<u>Enter number</u> %
	<input checked="" type="checkbox"/> Ecosystems and ecosystem services	25 %	25 %
A.5. Expected mitigation outcome <i>(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)</i>	8,493,106 tCO ₂ eq	A.6. Expected adaptation outcome <i>(Core indicator 2: direct and indirect beneficiaries reached)</i>	312,662 (0.29% of the region's population) 279,400 direct beneficiaries (0.26% of total population) 33,262 indirect beneficiaries (0.03% of total population)
A.7. Total financing (GCF + co-finance²)	USD 200,000,000	A.9. Project size	Medium (Upto USD 250 million)
A.8. Total GCF funding requested	USD <u>50,000,000</u>		

¹ 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.

² Refer to the Policy of Co-financing of the GCF.

<p>A.10. Financial instrument(s) requested for the GCF funding</p>	<p> <input type="checkbox"/> Grant <u>Enter number</u> <input type="checkbox"/> Loan <u>Enter number</u> <input type="checkbox"/> Guarantee <u>Enter number</u> </p> <p> <input checked="" type="checkbox"/> Equity <u>USD 50 million</u> <input type="checkbox"/> Results-based payment <u>Enter number</u> </p>		
<p>A.11. Implementation period</p>	<p>a) disbursement period: 5 years. b) repayment period, if applicable: 12 years with the option for two one-year expansions. The first extension will be based on Limited Partner Advisory Committee (LPAC)'s Approval, and the second extension will require the approval of all LPs. Divestments from the fund's investments will start from year 10 to year 12 to repay investors.</p>	<p>A.12. Total lifespan</p>	<p>20 years for agroforestry/forestry projects (Different AFOLU investments/crops may have different productive lifetime.)</p>
<p>A.13. Expected date of AE internal approval</p>	<p><u>Click or tap to enter a date.</u></p>	<p>A.14. ESS category</p>	<p>I-2</p>
<p>A.15. Has this FP been submitted as a CN before?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>	<p>A.16. Has Readiness or PPF support been used to prepare this FP?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>A.17. Is this FP included in the entity work programme?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>	<p>A.18. Is this FP included in the country programme?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>A.19. Complementarity and coherence</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>		

A.20. Executing Entity information	<p><i>Accredited Entity:</i> Deutsche Bank AktienGesellschaft AG</p> <p>Deutsche Bank (DB) is full-service global bank headquartered in Frankfurt, Germany (https://www.db.com/who-we-are/). Founded in 1870, DB provides financial services to companies, governments, institutional investors, small and medium-sized businesses and private individuals through its Investment Bank, Corporate Bank and Private Bank. DB has substantial operational presence in developing countries covering Asia, Africa, Latin America, Eastern Europe and the Middle East.</p> <p><i>Executing Entity:</i></p> <ul style="list-style-type: none"> • Mekong Earth Regeneration Fund Société en Commandite Spéciale (SCSp) (“MERF”) as a Luxembourg registered Partnership; • Mekong One Earth Capital Partner S.à R.L., a private limited company incorporated in Luxembourg, as the General Partner of MERF (the “GP”); • Innpact Fund Management S.A, as the Luxembourg registered Alternative Investment Fund Manager of MERF (the “AIFM”) • Vision Growth Ltd., as the Investment Adviser of the MERF (the “Adviser”) • Two special purpose vehicles, to be established under the laws of Singapore and wholly owned by MERF (“SPVs”)
---	--

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

1. Lao PDR and Viet Nam are situated within the Lower Mekong Region and exhibit high climate vulnerability. The Mekong River connects this region, and is an integral part of the Laotian and Vietnamese cultures, economies, and food systems. Most families in the region rely on small-scale agriculture and other livelihoods (e.g. fishing) largely dependent on the health of the Mekong River and a stable climate. Climate change poses a threat to government efforts to improve agriculture production in Lao PDR and Viet Nam, even while the AFOLU sector continues to be a significant source of greenhouse gas (GHG) emissions.
2. GCF support is required to tackle climate risks and hazards in agriculture, forest and land use (AFOLU) sector that include:
 - extreme weather (floods and typhoons) leading to crop damage and loss of physical assets;
 - drought leading to crop losses and water shortages;
 - increased temperature leading to lower crop productivity;
 - for Viet Nam, flooding and saline intrusion from rising sea levels, leading to coastal agriculture losses.
3. Mitigation: The AFOLU sector accounts for 43.9%, and 12.4% (net) of total GHG emissions in Lao PDR, and Viet Nam, respectively. GCF support is required for activities that reduce sector emissions and increase sequestration and storage beyond business-as-usual.
4. Mekong Earth Regeneration Fund (MERF) de-risks and crowds-in private capital to address adaptation and mitigation challenges across the AFOLU sector in the LMR. MERF focuses on Lao PDR and Viet Nam, where Letters of No Objection already have been secured. There may be consideration to add Cambodia to the programme in future. The programme will seek GCF approval before adding additional countries, should any express interest in participating and issue Letters of No-Objection after the date of initial GCF Board approval. MERF employs an Equity Investment Facility to help investee companies address barriers to climate action. Deutsche Bank AktienGesellschaft AG is the Accredited Entity, while Mekong Earth Regeneration Fund Société en Commandite Spéciale (SCSp) (“MERF”); Mekong One Earth Capital Partner S.à R.L. as the General Partner of MERF (the “GP”); Innpact Fund Management S.A, as the Alternative Investment Fund Manager of MERF (the “AIFM”) and Vision Growth Ltd., as the Investment Adviser of the MERF (the “Adviser”) are the Executing Entities of the Programme. USD 50M of GCF equity for the Investment Facility will be complemented by USD 150M of co-financing from private and public equity investors. Multiple investors have expressed interest, contingent upon GCF de-risking.
5. The Fund is aligned with NDCs, NAPs, REDD+ strategies and other published policies in the two countries. The MERF will contribute to paradigm-shifting pathways in agriculture, forestry and in ecosystems/ ecosystem services beyond the initial programme investment, promoting new business models that incentivize low-emissions and resilient inputs, practices and technologies; employing blended finance to mobilize private capital

at scale; using equity investments to reconfigure food systems; and supporting private actors to mainstream climate risk into their business models.

6. MERF contributes to GCF's strategic mission and results via:
 - Food (T4),
 - Ecosystems (T5), and
 - MSMEs (T10).
7. GCF support is required to address financial, information, market, social/gender, and technical barriers that hinder climate action. This support is additional because most climate finance is provided to the region in the form of debt; equity investors require de-risking before they will provide capital. National Governments face competing financial pressure that limits their ability to invest sufficiently in climate action. At the company level, commercial lenders are unwilling to provide patient capital to small-scale agricultural companies and smallholders wishing to adopt transformative practices with potentially long payback times, especially when those businesses lack appropriate collateral and face delayed cashflows. GCF support will mobilize increased private investment by mitigating downside risk for senior non-concessional investors, mobilizing 3X as much capital into the Fund.
8. The MERF will crowd-in private investment to leverage the significant potential to transform food systems in the Lower Mekong Region that has so far largely been untapped and will do so in a way that builds climate resilience, contributes to emission reductions and avoids maladaptation. The programme aims to directly and indirectly benefit an estimated 312,662 people across the two target countries, and reduce at least 8,493,106 tCO₂e during the 12-year programme lifetime. MERF investments contribute to climate mitigation and adaptation by transitioning farmlands from conventional to organic and regenerative practices, including eliminating synthetic agrochemicals, adopting cover crops, intercropping, reduced tillage, and low-emission rice systems. Carbon sequestration is enhanced through agroforestry, perennial crops, FSC-certified forestry, mangrove conservation and restoration, and biochar application, etc. These approaches improve soil health, water retention, and ecosystem resilience to climate extremes. Through continuous technical assistance, climate-resilient seeds, fair pricing, risk-sharing, and certification support, smallholder farmers reduce input costs, diversify incomes, maintain productivity, and access premium markets.

B. PROJECT/PROGRAMME INFORMATION

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

Error! Reference source not found.

Climate vulnerabilities and adaptation needs

9. By 2050, the extent and distribution of rainfall and daily maximum temperatures will differ significantly from historical trends. Parts of the basin may experience significant shifts in average annual temperature, particularly parts of Central Highlands of Vietnam. The annual temperature in this area could increase by 3°C to 5°C and affect the ability of certain crops, fish, and livestock species to be productive and thrive. In the baseline scenario without adaptation, such a temperature rise would seriously impact the livelihood, health, and food security prospects of the local communities in these areas. Additional hydrological effects associated with climate change in the LMR include increased flooding along the Mekong mainstream due to overall higher rainfall; more frequent and severe extreme storm events; and a significant increase in flood depth and duration in the Mekong Delta due to the compounded effects of increased flooding in the Mekong mainstream and an estimated 0.3 m sea level rise (SLR). Increases in salinity will occur within parts of Mekong Delta as a component of SLR, most significantly during the dry season.
10. There is broad consensus on the types of practices that can help reduce vulnerability and exposure to climate hazards, and enhance resilience for smallholder producers. However, faced with barriers to autonomous adaptation (see Table 2) farmers and other producers in the AFOLU sector need adaptation assistance to sustain yields and/or earn more despite reduced yields in the face of the aforementioned risks to crops, fish, and livestock. Section 2 of Annex 2 – Feasibility Study provides more information on regional climate risks and adaptation needs. See Table 2 in the Feasibility Study for a summary of the primary climate hazards, projections, and risks for each country and how the MERF will support a climate resilient response. In the absence of targeted adaptation support, the business-as-usual scenario envisions reduced agricultural productivity and increased crop losses as climate risks materialize.
11. Almost 70% of the population in Lao PDR lives in the southern and central regions of the country³. According to the ND-GAIN Index, Lao PDR is the 69th world's most vulnerable country, and ranks 136th in climate readiness, with an ND-GAIN Country Index rank of 121st out of 185 countries⁴.

Viet Nam

12. Although Viet Nam has two large metropolitan areas, most of the population still reside in rural areas, approximately 64% in 2018⁵. Agriculture contributes 15% of Viet Nam's GDP, but employs around 40% of the labor force, and is particularly important for Viet Nam's rural populations⁶. According to the ND-GAIN Country Index, Viet Nam ranks 100th out of 185 countries in climate preparedness. score of 0.426⁷.
13. Climate change may force geographical shifts in the suitability of the LMR for several crops⁸, including:
 - Suitability of industrial crops like rubber, robusta coffee, and cassava shifting to areas of higher altitude with optimal suitability in 2050 centered on northern Thailand and northern Lao PDR.
 - Plains and lower altitude areas becoming less suitable for rubber, robusta coffee, and cassava.
 - Dramatic increases in precipitation in central Lao PDR affecting cassava, soybean, and maize culture. For these crops, the rainfall suitability also decreases in the Vietnamese Central Highlands.
 - Maize yield projections show general decreases across the LMR, with Gia Lia (-12%), Mondulkiri (-6%), and Kampong Thom (-6%) provinces being the most severely affected of the hotspot areas
 - Although the effects of climate change on low land rainfed rice will be fewer than other crops, rice is vulnerable to increased temperature in wet season, decreased water availability in the dry season, and salinity intrusion in the Mekong Delta.
14. For more information on country socio-economic and demographic profiles, please see the appendices to Annex 8 (Gender Analysis and Gender Action Plan). For further information on country climate profiles, please see Annex 2 (Feasibility Study).

³ Lao PDR (2013). Second National Communication to the UNFCCC. URL: <https://unfccc.int/sites/default/files/resource/Laonc2.pdf>

⁴ ND-GAIN. (2024). Country Index Rankings. Lao PDR.

⁵ Ibid.

⁶ World Bank and ADB. (2021). Climate Risk Country Profile: Viet Nam.

⁷ ND-GAIN. (2024). Country Index Rankings. Viet Nam.

⁸ CEM (2013). USAID Mekong ARCC Climate Change Impacts and Adaptation on Livestock. Prepared for the United States Agency for International Development by ICEM - International Centre for Environmental Management

Mitigation

15. In the two target countries, agriculture and land-use change account for a significant share of GHG emissions, as shown in Table 1 below.

Country	Total emissions (MtCO _{2e}) – 2022 ⁹	Agriculture emissions (MtCO _{2e}) – 2022 (% of total)	LUCF emissions (MtCO _{2e}) – 2022 (% of total)
Lao PDR	45.91	11.15 (24.28%)	9.27 (20.19%)
Viet Nam	463.85	73 (15.7%)	-13.18 (-2.84%)

Table 1 GHG emissions from Agriculture and LUCF of Lao PDR and Vietnam

16. Despite low net LUCF emissions in Viet Nam, further action is required to stem the loss of ecosystem services from natural forests, and to make a greater contribution to total emissions reductions,
17. The major sources of land use change in Lower Mekong Basin since the 1990s include “agricultural expansion and intensification, deforestation, more river damming, increased urbanization, growing human populations, expansion of industrial forest plantations, plus frequent natural disasters from flooding and drought.”
18. These changes contribute to a vicious cycle that includes potentially maladaptive responses to climate and weather events under business-as-usual. Intensive conventional agriculture contributes to increased emissions (via soil disturbance and use of synthetic fertilizers and reduced adaptive capacity (e.g., due to increased runoff and erosion and reduced water retention). Faced with increased exposure to climate hazards and impacts, producers may respond in maladaptive ways, for example, by attempting to increase production via more emissions-intensive agriculture practices or by increasing the timber harvesting rate beyond sustainable thresholds. There is broad consensus on the types of practices that can help farmers increase GHG abatement. However, faced with barriers to mitigation (see Table 2), smallholder producers in the LMR need mitigation assistance to make the transition to production practices that enhance GHG reductions, removals, and sequestration. Paragraph 27 below describes barriers to autonomous action that might otherwise enable companies and the farmers in their supply chains to move beyond business-as-usual and address these adaptation and mitigation challenges.
19. For further information on climate drivers and emission sources, please see Section 2 of Annex 2 – Feasibility Study, and Annex 22 which includes detailed GHG calculations for indicative AFOLU investments.

Alignment with past and current climate investments

20. The MERF is designed to ensure complementarity and coherence with existing climate finance projects and programmes in the three target countries, including (but not limited to) the following:

Lao PDR

- &Green Fund: Investing in Inclusive Agriculture and Protecting Forests
- Scaling up the implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management (Project 2)
- Improving forest and land-use management in order to implement REDD+ in the Lao People’s Democratic Republic

Viet Nam

- Strengthening resilience of smallholder agriculture to climate change-induced water insecurity in the Central Highlands and South-Central Coast regions of Vietnam
- Integrated Sustainable Landscape Management in the Mekong Delta of Vietnam
- Enhancing biodiversity conservation and reducing climate vulnerability in Central Vietnam for sustainable development utilizing a landscape approach

21. The MERF differs from yet complements these previous initiatives with its focus on the companies that supply inputs to and buy produce from smallholder farmers who might be directly supported by the public-sector focused projects and programmes. Similarly, while &Green Fund and other funds employ debt or debt-like instruments, MERF provides equity investment, a form of patient capital that can help to improve companies debt-equity ratios. While MERF does not focus on policy, it will benefit from existing Readiness and Preparatory Support to country

⁹ ClimateWatch. Global Historical Emissions profile. Available at <https://www.climatewatchdata.org/countries/VNM> (Vietnam) or LAO (Lao PDR).

governments as well as previous and ongoing grant-funded initiatives that strengthen the enabling environment for climate investments in the AFOLU sector. Please see Annex 2 (Feasibility Study), Appendix 1.3 for a full list and more information on MERF alignment with other projects being implemented in the target countries.

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

22. The Theory of Change statement, as presented in Figure 1 below is: **If** the MERF provides concessional finance and support to de-risk and scale investments in low-carbon and climate resilient agriculture, forestry and land use in the Lower Mekong region, **then** agribusinesses and smallholder farmers will adopt and expand lower-emission, climate resilient land-use practices, promoting sustainable agri-production and building social inclusion, **because** agribusinesses and investors will have viable business models that address barriers regenerative and sustainable pathways in the AFOLU sector.
23. In a low-carbon, climate resilient scenario, companies, farmers and communities would respond spontaneously to climate challenges by adopting low-emission practices and investing to reduce climate vulnerability and improve resilience. However, interlocking information, social and gender, technological, financial and market barriers limit their ability to take effective climate action (see below for detailed barrier analysis). The MERF will support beneficiaries to overcome these barriers.
24. Under Activities 1.1.1 and 1.1.2, the MERF institutional setup with effective procedures, systems will be established, and fundraising will take place. These activities will deliver Output 1.1 “MERF is operationalized with effective procedures, systems, partnership, and investment agreements, with capital raised at fund level”. Output 1.1 contributes directly to the achievement of Outcome 1: “The Mekong Earth Regeneration Fund has access to the required financial resources to support low-carbon, climate resilient and regenerative agriculture”.
25. Output 1.1 contributes transversally to Output 2.1, since a successful fundraising effort is an essential prerequisite to making equity investments in companies that engage smallholder farmers. Under Activities 2.1.1, 2.1.2 and 2.1.3 companies will receive instrumental investment to roll out resilient and regenerative agriculture practices, to transform their business models from resource-extractive and low-yielding to sustainable, resilient ventures with higher production outputs. This financial and management technical support will help to overcome the stated information, social, technological, financial, and market barriers. Companies will provide direct advice, technical assistance and inputs to the farmers in their supply chains, supported where appropriate by the parallel Technical Assistance Facility. MERF equity investment and managerial support to companies will enhance their ability to engage smallholder farmers and drive the adoption of low-carbon and climate resilient practices. This process will drive company revenues and farmers’ incomes upward, while strengthening the resilience of vulnerable forest ecosystems. Investor confidence will be achieved through the de-risking of capital flows into these ventures, thanks to the GCF equity investment. By overcoming financial, technical, information and other barriers, these activities will deliver Output 2.1 “Smallholder farmers and value-chain actors are empowered to effectively adopt and scale climate-resilient regenerative agriculture and low-emission land use practices”. Accordingly, the MERF will achieve Outcome 2: Smallholder farmers and value-chain actors adopt climate-resilient regenerative agriculture and low-emission land-use practices, strengthening resilience and reducing emissions.
26. MERF investments promote and scale climate-resilient, regenerative agriculture practices, including reducing or eliminating synthetic agrochemicals, adopting cover crops and intercropping systems, applying reduced tillage, and transitioning to low-emission rice cultivation. These practices improve soil quality by increasing soil organic matter and microbial activity, enhancing nutrient cycling, improving water retention, and reducing long-term dependence on chemical inputs, thereby strengthening resilience to droughts, floods, and climate variability. Through continuous technical assistance, access to climate-resilient seeds, fair pricing, risk-sharing mechanisms, and sustainability certification, MERF portfolio companies support smallholder farmers, including ethnic minority communities, by diversifying income sources, maintaining productivity under climate stress, and improving access to higher-value markets. The programme will generate several co-benefits, including increased financial and social inclusion for women and vulnerable groups; and increased biodiversity and soil health.
27. The Theory of Change operates on several assumptions, described below:
 - Private investors are willing to participate if profitable and impactful opportunities in regenerative agriculture can be identified
 - Sufficient attractive investment opportunities in intervention areas can be identified
 - Increase in consumer demand and willingness to pay for sustainably produced products continues
 - Past and ongoing policy and regulatory engagement contributes to an enabling environment supportive of private investment in sustainable production
 - Knowledge products create market blueprints and contribute to replication and scale of the MERF model

- Political will to combat climate change, deforestation, and unsustainable production practices continues.

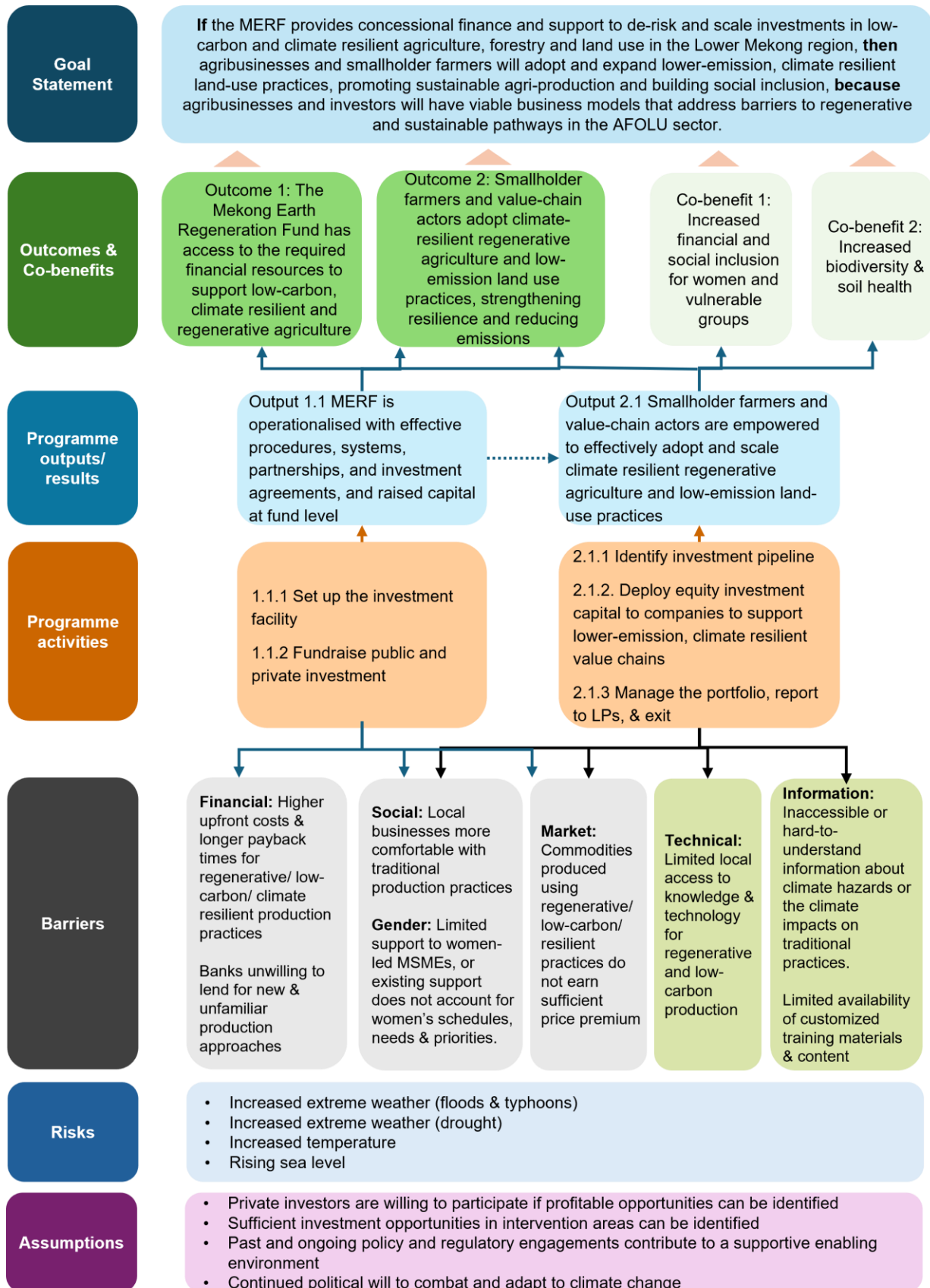


Figure 1 Theory of Change

Barrier analysis

28. As indicated in individual countries NDCs, systemic root causes continue to hamper the uptake of private sector investment into low-carbon and climate-resilient production for food and food products. Table 2 below summarizes these barriers and root causes:

Type of barrier	Description of barrier	Proposed interventions
Information barriers	Inaccessible or hard-to-understand information about climate hazards or the climate impacts on traditional practices. Climate data and information on impacts of climate hazards on targeted sectors and beneficiaries is not available in local languages, in accessible, tailored forms.	Increase awareness for companies, communities and local government about climate hazards and climate resilient practices. (Activity 2.1.3 and parallel TA Facility)
	Limited local access to knowledge and technology for enhanced production practices i.e. regenerative and low-carbon production in targeted sectors	Support local stakeholders to share best practices from across the region. (Activity 2.1.3 and parallel TA Facility)
	Insufficient availability of specific training materials and content for company decision-makers	Provide relevant training materials and content for company decision-makers. (Activity 2.1.3 and parallel TA Facility)
Social and gender barriers	Wariness of local businesses to change or adapt their production practices to be more ecological, low-carbon and resilient	Provide investment technical assistance to reduce perceived risk from new production practices. (Activity 2.1.3 and parallel TA Facility)
	Limited support to women-led MSMEs, or support to MSMEs does not account for women's schedules, needs and priorities	Provide guidance to companies to support for women smallholders and women working in / for agricultural MSMEs. (Activity 2.1.3 and parallel TA Facility)
Technological barriers	Limited availability and local access to inputs and production methods and tools for regenerative, sustainable agriculture	Patient capital to improve access to key inputs and methods. Improve local supply chains for regenerative, sustainable agriculture. (Activities 2.1.1 and 2.1.2)
Financial barriers	Regenerative / low-carbon / climate resilient production practices have higher upfront costs or longer payback times than traditional practices	Provide equity investment as a form of patient capital for transformative practices. (Activities 2.1.1 and 2.1.2)
	Small businesses and smallholders cannot bear the temporary income/revenue losses caused by the change in more sustainable production practices	Provide equity investment as a form of patient capital for transformative practices. (Activities 2.1.1 and 2.1.2)
	Banks are unwilling to lend for new and unfamiliar production approaches (risk-averse local financial institutions)	Provide de-risked equity investment as a form of patient capital for transformative practices. (Activities 2.1.1 and 2.1.2)
	National resources for climate change adaptation are limited.	Crowd-in private sector financing to support the climate transition. (Activities 2.1.1 and 2.1.2)
Market barriers	Commodities produced using regenerative / low-carbon / resilient practices do not earn sufficient price premium to justify producers' investment	Provide capital and technical guidance to overcome initial transaction costs, certification process and support access to premium markets. (Activity 2.1.3 and parallel TA Facility)
	Supply chain heads are stimulating increased demand for sustainably sourced crops but may disadvantage smaller producers who cannot demonstrate commodity traceability.	

Table 2 Barrier analysis

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

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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

29. The Mekong Earth Regeneration Fund (MERF) is an equity investment fund that helps companies address barriers to low-carbon and climate resilient agricultural production in the LMR, and attract private capital at scale.
30. MERF supports transformation of agriculture and food systems across the region. Climate hazards and impacts in the LMR are felt across political boundaries, and actions taken by farmers, communities and governments in one country will affect stakeholders in other countries. For this reason, a multi-country programme operating across Lao PDR and Viet Nam is likely to have greater climate impact than a single-country project that ignores these interlinkages.
31. The programme will support sustainable and resilient value chain enhancement for businesses and smallholders in selected sectors – comprising agriculture and agricultural inputs, small-scale aquaculture, rice and other commodity crops, forestry, timber and non-timber forest products (NTFPs). The MERF Investment Facility aims to crowd-in foreign and domestic private investment to leverage potential to increase value addition all along selected value chains, a potential which has so far largely been untapped, particularly in Lao PDR where most agricultural exports are raw products. The MERF will target sustainable land use sectors that promote nature-based solutions to mitigate and adapt to climate change through the preservation and regeneration of forests and soils. MERF equity investment, combined with technical and managerial support to portfolio companies will enhance companies’ ability to provide direct technical assistance and inputs for low-carbon and climate resilient production to smallholder farmers in their value chains. The fund takes a broad view about specific business practices that achieve these aims, so long as they meet the investment criteria (including ESS category B or C).

Component 1: Investment Facility – Mekong Earth Regeneration Fund

32. Component 1 will establish and operationalize the MERF Investment Facility, and place capital with investee companies. The activities under component 1 are interlinked. Activities 1.1.1 (set-up of the investment facility) and 1.1.2 (fundraising into the senior tranche) directly contribute to Output 1.1 by enabling MERF to become fully operational and adequately capitalised. These activities address key financial barriers by mobilising patient capital and establishing the institutional and governance structures required for fund deployment. Output 1.1 is a prerequisite for Output 2.1, under which Activities 2.1.1. (pipeline identification), 2.1.2 (capital deployment to companies to support lower-emission, climate resilient value chains), and 2.1.3 (portfolio management and exit) are implemented. Through these activities, MERF deploys equity capital into climate-resilient and regenerative agribusinesses, directly contributing to Outcome 1 by increasing private investment in climate-smart agriculture. In turn, these investments enhance farmers’ adaptive capacity and farmland resilience and reduce GHG emissions through regenerative and sustainable practices.
33. GCF support for the MERF will result in the following outcomes and co-benefits:
 - Outcome 1:** The Mekong Earth Regeneration Fund has access to the required financial resources to support low-carbon, climate resilient and regenerative agriculture
 - Outcome 2:** Smallholder farmers and value-chain actors adopt climate-resilient regenerative agriculture and low-emission land-use practices, strengthening resilience and reducing emissions

Co-benefit 1: Increased financial and social inclusion for women and vulnerable groups

Co-benefit 2: Increased biodiversity and soil health.

34. The table 3 below maps out the outputs, activities of the Program and the entities executing the activities:

Output	Activity	Executing Entity
Output 1.1 - The MERF is operationalized with effective procedures, systems, partnerships, and investment agreements, with capital raised at fund level.	Activity 1.1.1 - Set up the investment facility with an Alternative Investment Fund Manager (AIFM) licensed in Luxembourg	Mekong Earth Regeneration Fund SCSp ("MERF") Mekong One Earth Capital Partner S.à R.L. (the General Partner "GP") Innpact Fund Management S.A. (the "AIFM")
	Activity 1.1.2 - Fundraise USD 150M of private and public investment	Mekong Earth Regeneration Fund SCSp ("MERF") Mekong One Earth Capital Partner S.à R.L.(the General Partner "GP") Vision Growth Ltd. (the Investment Adviser "IA")
Output 2.1 - Agribusinesses receive equity capital and support for scaling up climate-resilient regenerative agriculture and low-emission land-use practices	Activity 2.1.1 - Identify investment pipeline, conduct due diligence, etc. in pre-investment stage	Mekong Earth Regeneration Fund SCSp ("MERF") Mekong One Earth Capital Partner S.à R.L. (the General Partner "GP") Vision Growth Ltd. (the Investment Adviser "IA") Innpact Fund Management S.A, (the "AIFM")
	Activity 2.1.2 - Deploy equity investment capital to companies to support lower-emission, climate resilient value chains	Mekong Earth Regeneration Fund SCSp ("MERF") Mekong One Earth Capital Partner S.à R.L. (the General Partner "GP") Innpact Fund Management S.A, (the "AIFM") Special Purpose Vehicle(s) (SPV) (optional)
	Activity 2.1.3 - Manage the investment portfolio, report to LPs, and exit at end of investment period	Mekong Earth Regeneration Fund SCSp ("MERF") Mekong One Earth Capital Partner S. à R.L. (the General Partner "GP") Innpact Fund Management S.A, (the "AIFM") Vision Growth Ltd. (the Investment Adviser "IA") Special Purpose Vehicle(s) (SPV) (optional)

Table 3 MERF's Outputs, Activities and Executing Entities

Output 1.1. The MERF is operationalized with effective procedures, systems, partnerships, and investment agreements, with capital raised at fund level. (USD 1.5M)

The first output of the proposed programme will see the establishment and operationalization of the MERF Investment Facility. The GCF investment into the MERF is an equity investment and the Fund in turn will deploy funding in the form of equity to its portfolio companies.

35. Output 1.1 will be delivered through the following activities:

Activity 1.1.1 Set up the investment facility with an Alternative Investment Fund Manager (AIFM) licensed in Luxembourg

36. The MERF will be structured as a Société en Commandite Spéciale (SCSp) under a General Partner-Limited Partner (GP-LP) framework, with its General Partner (GP - Mekong One Earth Capital Partner SàRL) and Fund Manager established and engaged in Luxembourg. MERF will appoint Innpact Fund Management S.A – a Luxembourg-based AIFM as the Fund Manager of the Fund, who responsible for portfolio and risk management functions in accordance with applicable regulatory requirements. s. An AIFM Agreement will be entered into between the GP and Innpact Fund Management S.A., under which Innpact will act as the Alternative Investment Fund Manager. An Investment Adviser Agreement will be entered into between Vision Growth Ltd. and the AIFM, pursuant to which the Investment Adviser will provide investment advisory services in line with the investment objectives of the Partnership. Both the General Partner of the Fund and the Investment Adviser are the subsidiaries of Mekong Capital Holdings Ltd.

37. The Fund's governance and operational structure as well as policies have been set up and detailed in Annex 21 – Operations Manual.

Activity 1.1.2 Fundraise USD 150M of private and public investment

38. Leveraging approximately USD 45 million of concessional capital from the Junior Tranche, MERF envisions to mobilize approximately USD155 million from private investors and DFIs globally. MERF's outreach strategy to private investors is to secure the concessional capital via GCF to de-risk these investors, by giving private investors protection from downside risk and bringing their returns closer to market expectations, strengthening the capacity of portfolio companies. The role of a blended finance structure with concessional capital is more important than ever when many impact investors communicated that commercial returns are required for them. The target investors for first close are concessional investors like GCF, Governments of developed countries, as well as the DFIs.

39. The Investment Facility will leverage the 24-year experience of Mekong Capital, which has an established track record raising and managing multiple private equity investment vehicles, including:

- Mekong Enterprise Fund (MEF) in 2002 – USD 18.5M
- Mekong Enterprise Fund II (MEF II) in 2006 - USD 50M
- Viet Nam Azalea Fund in 2007 – USD 64M
- Mekong Enterprise Fund III (MEF III) in 2015 – USD 112M
- Mekong Enterprise Fund IV (MEF IV) in 2019 – USD 246M

Mekong Capital has built a solid track record of fundraising from private sector with more than USD220 million mobilized from private investors for the two most recent funds – Mekong Enterprise Fund III and IV successfully.

Output 2.1: Agribusinesses receive equity capital and support for scaling up climate-resilient regenerative agriculture and low-emission land-use practices (USD148.5M)

40. Activities under Output 2.1 address multiple interlinked barriers: financial, market, technical, informational, social and gender-related, - through capital provision, technical engagement, improved market access, and strengthened governance and operational practices. These activities give investee companies the resources and capabilities to support smallholder farmers in their value chains to transition to low-carbon and climate-resilient production practices.

Activity 2.1.1 Identify investment pipeline, conduct due diligence, etc. in pre-investment stage

41. MERF eligibility criteria includes:

Parameter		Eligibility Criteria
Geographies	Country Eligibility and intended allocation	Vietnam (85%), Lao PDR (15%)
	NAP/NDCs	Alignment with Vietnam and Lao PDR's NAP/NDCs' objectives, strategies and areas of focus
	Sector Focus	AFOLU (Agriculture, Forestry, and Other Land Use)

Eligible Investments (Types of Activity)	Thematic Priorities	<ul style="list-style-type: none"> • Climate Mitigation and/or • Climate Adaptation With focus on the following aspects in each theme. • Biodiversity • Sustainable Production • Livelihoods & inclusion • Gender Equality
	Financial and Climate Additionality	The investment brings financial and climate additionality that would not occur under business-as-usual and does not crowd out private capital.
	General Investment Criteria for selection of Investee company	<ul style="list-style-type: none"> • Vertically integrated AFOLU businesses that embed and actively enable regenerative and climate-smart practices across their value chains. • Growth stage companies with positive unit economics. • Contribute to MERF impact goals: <ul style="list-style-type: none"> ○ 1) Sustainable land management ○ 2) Improvement of livelihoods of farmers and rural communities ○ 3) Reduction or sequestration of carbon ○ 4) 2X Criteria (Women Entrepreneurship, Leadership, Employment, Supply chain, Products & Services) • Competent and open-minded Founders/CEO with aligned vision and values. Management team is willing to develop people and build a strong management team. • The investee will use the funds from MERF for its operations in the host countries.
	Portfolio Composition	10-12 investments
	Financial Instruments	Equity and Equity-like instruments
Beneficiaries	Beneficiaries	Private companies, with focus on business models that benefit vulnerable and marginalized groups, particularly low-income, climate-vulnerable smallholder farmers and women
Safeguards compliance	Gender and social inclusion	<ul style="list-style-type: none"> • Alignment with GCF's Gender Policy • Implementation of the Program's Gender Action Plan
	Excluded Activities	The program shall not finance any activity that falls within the Exclusion List
	Environmental & Social (E&S) Risk	<ul style="list-style-type: none"> • Compliance with GCF's Environmental and Social Safeguards, aligned with IFC Performance Standards • Category B (Medium risk) and Category C (Low risk) activities are eligible • Implementation of an Environmental and Social Management System proportional to the potential E&S risks, aligned with good international practices

42. The highest priority sectors and practices in which the MERF aims to invest will include, but not limited to:
- Agriculture⁵⁷ and agricultural inputs: regenerative agriculture, inputs, agri-tech, vermicompost, organic farming, biochar
 - Forestry: agroforestry, sustainable timber production, non-timber forest products (NFTPs)
 - Aquaculture: mangrove restoration, seaweed farming, sustainable aquaculture

43. The MERF may also invest in technology, distributors to, suppliers to, or service providers to any of the sectors above, provided that their impact is aligned with the Fund's investment criteria and impact framework.

The MERF will target investments into companies that have a proven business model and are transitioning into the impact and revenue growth acceleration phase of their life cycle. Such companies would be characterized by:

- a. Profitable unit economics after normalization for full tax compliance

- b. A clear pathway to corporate level profitability or that have already become profitable
 - c. Benefits from economies of scale such that once scale is reached there is a clear path for transitioning into sustainable profit optimization either during the MERF investment hold period or shortly after.
44. Additionally, to fulfill its expected adaptation and mitigation objectives and targets, MERF will target companies that contribute to the following objectives (each potential company must fulfil at least one criterion in each of the two categories):
- 1) Sustainable land use, the company's business model and activities must contribute to at least one of the following impacts:
 - a. promotion of regenerative farming
 - b. restoration of degraded lands
 - b. restoration and protection of forests
 - c. improving soil fertility
 - d. sequestration, reduction or avoidance of carbon emissions
 - e. enhance climate change resilience
 - f. transition to sustainable management of land/forest
 - i. protection of biodiversity
 - j. protection of surround bodies of water
 - 2) Improved livelihoods, the company's business model and activities must contribute to at least one of the following impacts:
 - a. Improve the living standards of farmers
 - b. Sustainably increase yield for the local and smallholder farmers
 - c. Inclusive growth, especially gender equity and economic growth that create opportunities and benefits for all.
 - d. Elevating the knowledge of the farmers and rural communities
 - e. Enhancing food security
45. For target companies that meet MERF's investment criteria, the Fund expects to see deal sizes in the range of USD 3-20 million per investment (with the option of follow-on investments). This is driven by several factors:
- Recent pipeline opportunities considered by the Fund have been in the range of \$2-30 million initial investment opportunities, including sectors such as agroforestry, mangroves aquaculture, regenerative agriculture, bio/organic inputs, organic farming and agri-tech.
 - In the case of MEF III and MEF IV, the fund made many follow-on investments into its investee companies which were not part of the fund's original commitment to those companies. The Fund expects this pattern to continue for MERF, especially with an intention to deploy additional capital into its best performing Investee Companies.
- The Fund seeks to make significant minority investments, typically representing 15-49% ownership stakes, accompanied by board seat(s) to support active governance and oversight.
46. MERF has been actively sourcing an investment pipeline and conducting initial assessment on these opportunities. So far, the MERF has screened +200 companies, and identified 19 attractive pipeline opportunities that meet with MERF's investment criteria. The 10 most active pipeline companies are detailed in Appendix 1.4 of Annex 2 – Feasibility Study.
47. A rigorous investment process will be employed for MERF, consisting of 9 stages, from Deal Sourcing to Exit, whereby this process is covered through Activity 2.1.1., 2.1.2 and 2.1.3. Each stage of the investment process has detailed guidance documents and investment memo templates to serve as instructions to the Investment Team.
- Activity 2.1.2 Deploy equity investment capital to companies to support lower-emission, climate resilient value chains
- Activity 2.1.3 Manage the investment portfolio, report to LPs, and exit at end of investment period
48. Post-investment, MERF will adopt an active ownership model to drive value creation across MERF's portfolio, leveraging Mekong Capital's 25 years of experience supporting investee companies across multiple funds. The GP allocates significant internal resources to post-investment engagement, working closely with portfolio companies to accelerate growth, strengthen capabilities, and enhance both financial and impact performance.
49. Mekong Capital's post-investment approach is anchored in its proprietary Vision Driven Investing (VDI) framework, developed and refined since 2010 based on experience across more than 50 investee companies. VDI provides a structured methodology to drive performance by aligning the organization around a clear long-term vision (5–8 years), supported by a defined strategic pathway, measurable KPIs. The framework emphasizes key elements such as leadership quality, governance, organizational culture, customer focus, financial capability, and competitive advantage. It also promotes the use of digital transformation, business intelligence, and agile practices to increase the velocity of decision-making and execution. The GP systematically assesses each portfolio company across these dimensions and

actively works with management teams to improve their maturity, based on the conviction that stronger VDI performance is closely correlated with superior value creation outcomes.

50. In practice, the GP will work closely with management teams to strengthen governance and leadership capacity, including recruiting key executives (e.g. CEOs, CFOs, functional heads) and introducing experienced board members and external advisors. Dedicated internal teams provide hands-on support across talent acquisition, financial analysis and benchmarking, E&S management, and digital transformation, helping companies address operational challenges and build scalable platforms.

Technical support to companies and farmers

51. As MERF investments focus heavily on vertically integrated agribusinesses that source from and work with upstream smallholder farmers transitioning from traditional agricultural practices to regenerative practices, a key part of their business model revolves around supporting farmers in this transition. This is carried out through technical training, input support, information sharing, and workshops to strengthen farmers' technical skills and ensure consistent implementation of sustainable and regenerative practices.
52. This is critical for the companies, as securing agricultural raw materials is essential to their business growth. With increasing customer demand for sustainably produced agricultural products, particularly in high-end export markets, companies are required to expand their network of farmers adopting regenerative practices. It is therefore embedded in MERF's investment thesis that investee companies must grow their sourcing base of sustainably produced materials, which necessitates allocating a portion of the investment proceeds toward farmer engagement and capacity building. As part of this, companies will provide technical training, conduct regular field monitoring, support farmers in obtaining certifications, and organize workshops to strengthen knowledge and community practices. Depending on the size of the investment, the portion of equity funding allocated for these activities is estimated to range from USD 500,000 to USD 1 million.
53. In addition, the GP supports companies in accessing further capital, expanding market linkages, and improving organizational capabilities (including E&S and impact) through targeted training and capacity building.
54. At the same time, smallholder farmers in the Lower Mekong Region are highly resourceful and responsive to change. Given that they are among the most affected by climate change, farmers are generally willing to adopt climate-resilient and regenerative practices when clear benefits are demonstrated, such as improved yields, increased income, and enhanced soil and environmental health. Their adoption is further supported through continuous engagement with companies and traders, who act as off-takers of their produce. The sustainability of regenerative practices is therefore closely linked to market access and commercial incentives provided by these companies.
55. While MERF investments directly contribute to building farmer awareness and capacity, the Technical Assistance Facility (TAF) plays a complementary role by strengthening monitoring, measurement, reporting, and knowledge sharing. The TAF enhances the reliability and scalability of impact, but it is not a prerequisite for achieving MERF's intended outcomes.
56. Collectively, these interventions strengthen portfolio companies' operational, managerial, and systems capacity, which in turn enables them to engage more effectively with upstream smallholder farmers. Better-managed and better-capitalized companies are able to expand their farmer networks, provide more consistent technical support and training, and establish robust systems to monitor, verify, and report on farmers' adoption of regenerative and sustainable land-use practices.

Enabling environment support

57. The MERF program has been actively engaged and will continue to engage in activities that contribute to strengthening the policy and enabling environment, from the perspective of a private sector investor deploying capital into regenerative agriculture and sustainable land-use systems.
58. These efforts include:

- Government and industry consultations: MERF representatives actively participate in conferences and consultations organized by Ministries and industry stakeholders. Through these platforms, MERF provides input on how to unlock private capital, identify barriers to investment, and support the scaling of regenerative agriculture and sustainable land-use practices. In March 2024, MERF representatives participated in the National Conference on Mobilizing Resources for Nature-Based Solutions, organized by the Government of Viet Nam and held in Cà Mau. Mekong Capital joined a deep-dive panel discussion on plans and commitments to support nature-based agriculture in the Mekong Delta, where it shared private-sector perspectives on unlocking investment capital, addressing financing

barriers, and scaling regenerative and climate-resilient agricultural models. Through this engagement, MERF contributed practical insights to policymakers and stakeholders on how policy frameworks and enabling conditions can better crowd in private investment for sustainable land-use practices

- Roundtables and investment dialogues: MERF regularly joins multi-stakeholder roundtables as a potential investor and advisor, engaging with companies, project developers, government representatives, and development partners. These forums help communicate investor requirements, highlight investment gaps, and enable alignment between private sector needs and public sector support mechanisms. In July 2024, MERF organized 2 Roundtables in Pakse and Vientiane, Laos together with SNV, United Nations Convention to Combat Desertification (UNCCD), and Lao National Chamber of Commerce and Industry (LNCCI). The roundtable brought together Laos government representatives, investors and private companies in sustainable agriculture to put on the table the climate and business challenges that the businesses are facing in Laos that is hindering their growth, their ability to shift away from low value products to high value products, and their ability to attract private funding. The roundtable was intended to provide insights to policymakers and funders of practical actions and policies that can support sustainable economic growth of the agriculture sector in Laos.
- Knowledge sharing and lessons learned: MERF plans to organize and participate in knowledge-sharing events to disseminate practical insights on what has worked and what has not worked in investing in regenerative agriculture and operating agribusinesses. These learnings are intended to inform policymakers and contribute to improving the regulatory and institutional framework. In October 2024, Mekong Capital became a signatory to the Food Systems Transformation (FST) Partnership Agreement, marking its commitment to supporting Viet Nam's transition toward transparent, responsible, and sustainable food systems. Through the Partnership, Mekong Capital contributes to knowledge sharing and lessons learned by sharing practical insights from investing in regenerative agriculture and operating agribusinesses, including what has worked and what has not in mobilizing private capital. These contributions help inform policy dialogue and enabling-environment discussions, particularly on how regulatory and market conditions can better support scalable and sustainable food system transformation.

59. In addition, MERF's portfolio companies themselves play a critical role in shaping the enabling environment at the local level. These companies work closely with local authorities to implement and scale regenerative practices, and provide practical, on-the-ground feedback to policymakers on regulatory constraints and opportunities for improvement. As direct market actors and beneficiaries, they are well positioned to inform policy design and facilitate adoption at scale.
60. While policy constraints exist, they are not considered the primary barrier to MERF's implementation, given the strong alignment between MERF's investment approach and existing government priorities on climate resilience, sustainable agriculture, and low-emission development. The Government is also actively working to remove structural barriers and mainstream these priorities into short and long-term national strategies. This ongoing policy direction further supports the implementation and scaling of MERF's approach. Nevertheless, MERF and its portfolio companies will continue to actively engage with policymakers and relevant stakeholders to support ongoing improvements and contribute practical, market-driven insights to the policy development process.
61. Furthermore, MERF will seek to collaborate with complementary initiatives, including readiness programs and other GCF or DFI-supported projects (such as FP200 in Lao PDR (GIZ) and FP250 in Viet Nam (IFAD), etc.), through information sharing, consultation, and partnership where appropriate. This coordination will help reinforce broader efforts to strengthen the enabling environment and support the replication and scaling of regenerative agriculture and low-emission land-use practices.
62. Importantly, these value-creation, technical support, enabling environment support activities are resourced directly through the GP and funded by the GP's management fee, ensuring consistent support regardless of the availability of the Technical Assistance Facility (TAF). While the TAF may provide additional targeted support, Mekong Capital's core value-creation model is fully embedded within its investment approach and has been consistently applied across its prior funds.

Exit and Distribution

63. MERF is a closed-end equity fund with a 5-year investment period, with investments held for 5-12 years before exit. Over the fund's lifetime, investors will receive distributions as investments are exited, in line with the Fund's distribution

policy, and as specified in the Term Sheet and GCF Funded Activity Agreement. Mekong Capital intends to exit MERF investments through various routes such as Sale via Public markets, Sale to Investment Funds, Trade Sale to strategic investors and Sale back to owner/company/related parties.

64. The MERF Fund invests in private companies with the objective of accelerating the companies' business and impact, ultimately driving an increase in value of the companies and MERF's investments. The fund plans to begin divesting from portfolio companies starting in year 10 and fully divest from all portfolio companies at until the end of the fund's life (12 years since the fund initial closing date).
65. The MERF Fund will make interim distributions following individual investment exits; however, all such distributions will be governed by a single, fund-level waterfall applied on an aggregate basis.. The Fund will apply series accounting, such that each investment is tracked separately for capital contributions, returns, and distributions. This ensures that the Senior/Junior capital split is maintained and that exit proceeds from a particular investment are distributed only to the investors participating in that investment, in accordance with the agreed priority of distributions.

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

66. Deutsche Bank AG (DB) is full-service global bank headquartered in Frankfurt, Germany (<https://www.db.com/who-we-are/>) supporting GCF as an Accredited Entity (AE) from its Sustainable Finance Centre of Excellence in Deutsche Bank AG Singapore Branch. Founded in 1870, DB provides financial services to companies, governments, institutional investors, small and medium-sized businesses and private individuals through its Investment Bank, Corporate Bank and Private Bank. DB has substantial operational presence in developing countries covering Asia, Africa, Latin America, Eastern Europe and the Middle East. DB was the first private bank accredited by the Green Climate Fund (GCF). For all GCF funded activities, the designated Executing Entity (EE) is responsible for program execution, including investment decisions, in accordance with GCF policies and standards and agreed contractual arrangements. In its role as an AE, DB is responsible for fund-level fiduciary oversight and supervision of program implementation by the EE in accordance with GCF policies and requirements. DB undertakes the monitoring and supervision of the EE on an arm's length basis in line with standard GCF practice. The processes, standards, controls and compliance structure for DB's AE function are stipulated in its internal New Product Authorization (NPA). DB does not own, control, or act as an EE, and to avoid any potential conflict of interest, it does not invest in the funded activities resulting from the proposals it supports. GCF is the investor of record in GCF approved funded activities..
67. Mekong Earth Regeneration Fund Société en Commandite Spéciale (SCSp) ("MERF"); Mekong One Earth Capital Partner S.à R.L. as the General Partner of MERF (the "GP"); Innpact Fund Management S.A, as the Alternative Investment Fund Manager of MERF (the "AIFM"), Vision Growth Ltd., as the Investment Adviser of the MERF (the "Adviser") and two special purpose vehicles, to be established under the laws of Singapore and wholly owned by MERF ("SPVs") are the executing entities of the Fund. Both the General Partner of the Fund and the Investment Adviser are the subsidiaries of Mekong Capital Holdings Ltd.
68. Vision Growth Ltd., an exempted limited liability company incorporated in the Cayman Islands (the "Adviser"), being wholly owned by Mekong Capital Holdings Ltd. ("MCH"), brings substantial advisory expertise and will provide non-discretionary investment advisory and administrative services to the General Partner, the Fund, and the AIFM. As the Executing Entity of the program, the Advisor will source, evaluate, analyze, structure, and negotiate investment opportunities; monitoring portfolio performance; and advise exit strategies. The Adviser may engage or subcontract affiliates in Mekong Group to provide consulting services (collectively, the "Consultants"). The AIFM will act as external alternative investment fund manager of the Fund, pursuant to the terms and arrangements of the respective investment management agreement(s). For Luxembourg regulatory purposes, the AIFM will be the formal decision-maker of record, meanwhile, in practice, the majority of substantive investment input and analysis will be carried out by the Adviser.
69. With more than 25 years of investment management experience, Mekong Capital has built an extensive investment track record in Vietnam via fund raising and managing 5 investment funds with committed capital of more than US\$490 millions, 50 private equity investments and 35 exits, generating significant value for its LPs and stakeholders.

VAF, MEF III, and MEF IV were sector-agnostic funds that invested across a wide range of industries, including industrial manufacturing, consumer products and services, sustainable agriculture, and healthcare, etc. While certain investments generated positive environmental and social outcomes, these funds did not have an explicit climate action impact thesis, nor did they track, or report climate-related impacts like MERF.

70. Mekong Capital has built a solid track record of fundraising from private sector with the two most recent funds of Mekong Capital – Mekong Enterprise Fund III and IV successfully mobilized more than USD70 million (68.8% of total committed capital) and USD150 million (61.4% of total committed capital) respectively from private investors. Mekong Capital won Private Equity International's awards, including *Operational Improvement Award for Asian Small Caps* for 2013, *Frontier Market Firm of the year* for 2014, *Operational Excellence Award 2015* for the Asia-Pacific Small Cap Category, *Frontier Market Firm of the year* in Asia for 2016, and *Operational Excellence* for a small cap investment in Asia for 2017.
71. The legal and governance structure for Component 1 (Investment Facility) is summarized in Table 4 and Figure 4 below:

The partnership	Mekong Earth Regeneration Fund SCSp (the “Partnership”) will be incorporated under Luxembourg law as a special limited partnership (SCSp).
The General Partner	The general partner of the Partnership will be Mekong One Earth Capital Partner Société à Responsabilité Limitée (S.à r.l), a private limited company incorporated in Luxembourg with limited liability (the “General Partner”). The General Partner will control and conduct the business, management and all other matters relating to the Partnership.
The Adviser	Vision Growth Ltd., an exempted company incorporated in the Cayman Islands with limited liability (the “Adviser”) with strong advisory experience, will provide non-discretionary investment advisory services and administrative services to the General Partner, including sourcing, assessing, analyzing, structuring and negotiating potential investments, monitoring the performance of the Portfolio Companies and advising the General Partner as to disposition opportunities. Any fees payable to the Adviser will be borne by the General Partner out of the Management Fee. The Adviser may subcontract or engage other affiliates of the General Partner to provide consulting services to the Adviser (collectively, the “Consultants”). Any fees payable to a Consultant will be borne by the General Partner or the Adviser out of the Management Fee.
The AIFM	Innpact Fund Management S.A. - a firm duly authorized appointed by the General Partner (and the Fund) to act as alternative investment fund manager and provide portfolio management and risk management functions to the Partnership in accordance with the AIFM Law and pursuant to an AIFM Agreement entered into between the General Partner and the AIFM. The fees payable to the AIFM shall be borne by the Partnership.

Table 4 Investment Facility legal structure

72. The Funded Activity Agreement (FAA) will be entered into between the Green Climate Fund (GCF) and Deutsche Bank (DB), acting as the Accredited Entity (AE), and will govern the provision and use of GCF financing for the Mekong Earth Regeneration Fund (MERF). The FAA will also establish the flow of funds, disbursement conditions, and reporting obligations.
73. GCF will make its equity investment in MERF by entering into the Limited Partnership Agreement (LPA) with the General Partner and subscribing for interests in the SCSp via a Subscription Agreement to the Partnership. In addition, GCF and DB may enter into one or more side letters with the General Partner and/or the AIFM and/or the Investment Adviser, in connection with the LPA, to document specific rights, undertakings, and information or governance arrangements applicable to GCF’s investment.
74. GCF shall invest into MERF through a GCF account managed by DB in accordance with the FAA, pursuant to which DB, in its capacity as an accredited entity of GCF, shall be responsible for managing and overseeing the MERF project on behalf of GCF.
75. Deutsche Bank and the the General Partner (GP), will enter into a Subsidiary Agreement to ensure that all relevant obligations under the Funded Activity Agreement (FAA) are duly implemented and enforced within the program. The GP will, in turn, enter into agreements with other entities involved in the implementation of the Fund to ensure that applicable FAA obligations are appropriately cascaded and binding on each such entity. Specifically:

- An AIFM Agreement will be entered into between the GP and Innpact Fund Management S.A., under which Innpact will act as the Alternative Investment Fund Manager responsible for portfolio and risk management functions in accordance with applicable regulatory requirements.
- An Investment Adviser Agreement will be entered into between Vision Growth Ltd. and the AIFM, pursuant to which the Investment Adviser will provide investment advisory services in line with the investment objectives of the Partnership.

76. At the portfolio level, the Partnership may, where deemed appropriate, establish one or more wholly owned special purpose vehicles (SPVs), typically in the form of a private limited company incorporated in Singapore. Each SPV may focus on investments in a specific jurisdiction, namely Viet Nam and Laos respectively. The establishment of such SPVs is entirely optional and subject to the discretion of the General Partner, depending on the requirements of individual transactions and investor considerations. This structure is intended to accommodate investors with differing jurisdictional investment preferences, streamline accounting and reporting processes, and enhance operational efficiency. Singapore has been selected as the SPV jurisdiction to facilitate regional investment activities and, where applicable, to benefit from ASEAN-related frameworks and bilateral or multilateral arrangements among Singapore, Viet Nam and Laos. However, the use of SPVs, their number, structure, and jurisdiction will ultimately be determined on a case-by-case basis to ensure optimal efficiency and effectiveness in investment execution.

77. The Technical Assistance Facility (TAF) is financed separately from MERF and is governed by Mekong Capital under a dedicated framework, but will also appoint implementing partners (the “TA Providers”) to carry out technical assistance programs and activities of the TAF based on their technical expertise. No capital from MERF, including proceeds provided by the Green Climate Fund, will be used to fund, reimburse, or cross-subsidize any TAF activities. GCF proceeds are fully ring-fenced at the Fund level and deployed exclusively for investment purposes in line with MERF’s mandate.

While representatives of the General Partner may participate in TAF governance (e.g., through a TAF committee), this involvement is limited to strategic oversight to ensure alignment of impact objectives between MERF and the TAF. Operational execution of TAF activities is carried out by a separate, dedicated team, and supported by external technical service providers.

Collaboration between MERF and the TAF is limited to non-financial coordination, including the identification of technical gaps, joint discussion of priority interventions, and sharing of assessments to support pipeline development and portfolio company performance. These interactions are designed to de-risk investments and improve operational and impact outcomes, without any transfer of funds or resources between MERF and the TAF. This structure ensures clear separation of financial flows, roles, and responsibilities, while preserving strategic coherence and impact alignment across the Fund and the Technical Assistance Facility. MERF does not depend on TAF resources to implement the program and achieve GCF objectives.

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

Existing finance flows are insufficient or inappropriate to support climate action

78. MERF brings private capital to climate resilient and regenerative agriculture in the Lower Mekong Region, including one Least Developed Country. In the target countries, the land use sector is a major contributor to employment, livelihoods and food security, whilst land use practices contribute significantly to greenhouse gas emissions. For Lao PDR and Viet Nam, climate finance needs in the AFOLU sector are estimated at USD 17.3 billions¹⁰, requiring substantial external investment to address the gap. The UNFCCC notes that the scale of climate challenges means “it is unavoidable for the private sector to be part of the solution”¹¹. Most finance currently available for the AFOLU sector has come in the form of loans, which add to public and private sector debt burdens. International investors are currently unwilling to invest in potentially transformative companies without adequate de-risking, especially given the overlapping non-financial (i.e., technical and informational) barriers facing the sector.

79. MERF targets companies that are typically in the phase of rapid expansion and require sizeable equity capital to finance their growth. Without GCF funding, MERF will have a smaller fund and investment ticket size, constraining investee companies’ ability to scale efficiently, slowing the rollout of regenerative and climate-resilient agricultural practices. MERF’s portfolio companies will either lack sufficient capital to fully capture their growth potential, or must spend additional time raising supplementary financing to execute their expansion plans. This leads to lower investment returns and delays the mobilization of capital for climate impact.

¹⁰ United Nations Climate Change. Nationally Determined Contributions Registry: Lao PDR, Vietnam. <https://unfccc.int/NDCREG>

¹¹ <https://unfccc.int/topics/climate-finance/workstreams/private-sector-finance-engagement>

GCF investment will have a catalytic effect

80. MERF requests USD 50M of equity from the GCF. GCF investment will enable the MERF to reach efficient scale – by directly increasing the fund size and by crowding-in USD 150M of co-financing. MERF anticipates a co-financing: GCF ratio of approximately 3:1. Junior equity investment plays a key role in reducing risk for senior investors by providing first loss financing that addresses the higher (perceived and actual) risks of investing in this sector and these countries. Other pools of investors to be crowded-in include public investors (DFIs, Governments, etc.) and private investors (Impact funds, Funds of funds, Pension funds, Commercial banks, Corporations, Family offices and foundations).
81. Extensive engagement with private LPs MERF revealed that a minimum first-loss capital of around 25% of total fund size (approximately USD 50M) is required for a PE fund with MERF’s sector focus and risk profile. While Mekong Capital has approached multiple concessional investors, most have limited ticket sizes (<USD 10M), making it difficult to reach the required first-loss threshold in a timely manner. MERF is currently in advanced discussions with Junior investors representing around USD 10 million in potential commitments. The Junior equity investment from GCF helps narrowing the remaining Junior tranche gap, enabling MERF to reach the minimum concessionalism needed to crowd in approximately USD 150 million of Senior public and private capital.
82. GCF support will have a catalytic effect beyond the direct climate action taken by MERF portfolio companies. MERF operational and investment models can be adopted by other agri-commodity business in the region, and investment approaches can be adopted by investors who become more willing to engage in the sector as a result of MERF’s experience.
83. Without GCF support the MERF is unlikely to reach its target size. A sub-scale fund will face proportionately higher costs, engage fewer/smaller investments, and be less able to support higher risk/higher impact companies. GCF investment will create a virtuous circle that mobilizes capital and drives accelerated climate action.
- GCF’s investment in MERF will also attract other public and private investors because of the GCF’s credibility. Investors will be reassured, because the MERF will have passed through rigorous assessment processes in terms of E&S safeguards, stakeholder engagement, and gender assessment. The catalyzing effect of GCF involvement is apparent as many investors have already increased engagement since the MERF started the GCF process.

MERF employs the appropriate financial instruments, with minimum concessionalism

84. As described in Annex 2 (Feasibility Study – see “Overview of Climate Finance Landscape), the majority of climate finance provided to Lao PDR and Viet Nam has come in the form of loans. In Lao PDR, only 2% of climate finance took the form of equity.¹²
85. The majority of climate finance received in the LMR finances the Transport, Storage and Energy sectors, with disproportionately less for the AFOLU sector. Existing financial burdens at the company (and country) levels make further debt financing unattractive. Regenerative/low-carbon/climate resilient production practices have higher upfront costs or longer payback times than conventional practices. Debt requires periodical repayments at preset dates, which can affect companies’ cash flow and ability to grow their businesses. Equity financing can reduce the repayment pressure on company cash flows, especially for companies at growth stage. Without sufficient equity funding, companies in those sectors will remain small and fragmented, heavily reliant on limited sources of funding, which will hinder scaling up. The historical lack of equity funding in the region’s agriculture and forestry sectors leads to a vicious circle: few equity investments means fewer examples of investments with equity instruments, which impacts future private capital mobilization.
86. Across the LMR equity is a scarce resource compared to debt. With a long investment horizon, the MERF will provide long-term, patient equity funding for sustainable growth of its investees, which helps ensure sustainability and impact of their business models. In addition to financial resources, equity investors like MERF will add value to the companies via long-term post-investment engagement with the companies that debt providers usually don’t provide.
87. Providing equity improves company financial ratios and enables them to raise debt more sustainably in successive fundraising rounds.

(Please refer to Annex 3 Financial Analysis for more details.)

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

¹² Martinus, M. and Jiahui, Q. (2022). Climate Finance in Southeast Asia: Trends and Opportunities ISEAS – Yushof Ishak Institute.

88. As described under Output 2.1 above, the MERF intends to hold its positions in portfolio companies for up to 12 years. Mekong Capital has an established track record of successful exits from its equity investments, and anticipates similar success with the MERF. Exits from individual investments are envisioned via trade sales with strategic investors, sales to financial investors or via public markets through Initial Public Offerings (IPOs), etc.

Sustainability

89. MERF invests in companies whose management teams have a vision for long-term success. The combined provision of significant equity investment with long-term capacity building support via the fund management team means that the Fund and its partners can work intensively with investee companies' management teams to ensure that they mainstream resilience and mitigation responses into their day-to-day business operations. This hands-on approach ensures the sustainability of the GCF-backed interventions, even beyond the investment exit. MERF commits to "responsible exits" for all portfolio companies, through which the Fund follows a standardized process to ensure that alongside financial and operational considerations, it also considers the buyers/ investors' alignment with the investee's vision and goals. The buyer will be screened on its ability to sustain the positive impacts and further E&S management practices post exit. The Fund assesses alignment of the buyer's vision, mission, and strategic goals with those of the investee; genuine interest and expertise in the investee's sector/models; capacity to provide technical support to the company; a proven management track record in delivering impact; ability to meet national regulations and best international practices; and compatibility with the investee's corporate culture to preserve its values and goals.

Replicability

90. One of the key paradigm-shifting pathways for the MERF is to transform mindsets about investments in sustainable and regenerative agriculture. By contributing knowledge and lessons learned in a regional and global community of practice, the MERF will shift mindsets and encourage more capital into the sectors and the region. More specific avenues to scaling up include the following:

- The companies MERF invests in can attract additional follow-on capital to achieve further scale;
- Mekong Capital can replicate the MERF's strategy through a follow-on impact fund, without additional catalytic capital from the GCF;
- The demonstration effect from MERF's de-risking approach could stimulate "copy-cat" funds that support climate resilience activities within the sector;
- MERF will become a blueprint for similar funds across the world to replicate in terms of structure, strategy, and also benefit from the widely shared knowledge, lesson learned and successful investments by the fund;
- Other investors could apply the principles of MERF to other sectors within the target countries, or else to similar sectors in other countries in the Lower Mekong Region.

C. FINANCING INFORMATION						
C.1. Total financing						
(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)	Total amount			Currency		
	50			million USD (\$)		
GCF financial instrument	Amount	Tenor	Grace period	Pricing		
(i) Senior loans	<u>Enter amount</u>	<u>Enter years</u>	<u>Enter years</u>	<u>Enter %</u>		
(ii) Subordinated loans	<u>Enter amount</u>	<u>Enter years</u>	<u>Enter years</u>	<u>Enter %</u>		
(iii) Equity	50 million USD (\$)		12 years	<u>Enter % equity return</u>		
(iv) Guarantees	<u>Enter amount</u>	<u>Enter years</u>				
(v) Reimbursable grants	<u>Enter amount</u>					
(vi) Grants	Enter amount					
(vii) Results-based payments	<u>Enter amount</u>					
(b) Co-financing information	Total amount			Currency		
	150			million USD (\$)		
Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
Other Senior LPs	<u>Equity</u>	<u>130</u>	<u>million USD (\$)</u>	12 years	<u>Enter%</u>	<u>senior</u>
GP and other Junior LPs	<u>Equity</u>	<u>20</u>	<u>million USD (\$)</u>	12 years	<u>Enter%</u>	<u>junior</u>
Click here to enter text.	<u>Options</u>	<u>Enter amount</u>	<u>Options</u>	<u>Enter years</u> <u>Enter years</u>	<u>Enter%</u>	<u>Options</u>
Click here to enter text.	<u>Options</u>	<u>Enter amount</u>	<u>Options</u>	<u>Enter years</u> <u>Enter years</u>	<u>Enter%</u>	<u>Options</u>
(c) Total financing (c) = (a)+(b)	Amount			Currency		
	<u>200.0</u>			<u>million USD (\$)</u>		
(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)						
C.2. Financing by component						
Component/Output	Indicative cost (USD)	GCF financing		Co-financing		
		Amount (USD)	Financial Instrument	Amount (USD)	Financial Instrument	Name of Institutions
Component 1: MERF Investment Facility	200,000,000	50,000,000		150,000,000		

Output 1.1: MERF is operationalised with effective procedures, systems, partnerships, and investment agreements, and raised capital at fund level	1,500,000	375,000	Equity	1,125,000	Equity	LPs - to be confirmed
<i>Activity 1.1.1 Set up the investment facility with an Alternative Investment Fund Manager (AIFM) licensed in Luxembourg</i>	300,000	75,000	Equity	225,000	Equity	LPs - to be confirmed
<i>Activity 1.1.2 Fundraise USD150M from private and public investors</i>	1,200,000	300,000	Equity	900,000	Equity	LPs - to be confirmed
Output 2.1: Agribusinesses receive equity capital and support for scaling up climate-smart regenerative agriculture and low-emission land-use practices	198,500,000	49,625,000	Equity	148,875,000	Equity	LPs - to be confirmed
<i>Activity 2.1.1 Identify investment pipeline, conduct due diligence, etc. in pre-investment stage</i>	3,300,000	825,000	Equity	2,475,000	Equity	LPs - to be confirmed
<i>Activity 2.1.2 Deploy equity investment capital to companies to support lower-emission, climate resilient value chains</i>	149,000,000	37,250,000	Equity	111,750,000	Equity	LPs - to be confirmed
<i>Activity 2.1.3 Manage the investment portfolio, report to LPs, and exit at end of investment period</i>	46,200,000	11,550,000	Equity	34,560,000	Equity	LPs - to be confirmed
Indicative total cost (USD)	200,000,000	50,000,000		150,000,000		

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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
C.3.2. Does GCF funding finance technology development/transfer?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

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

91. MERF aims to generate cumulative GHG removals and reductions of approximately 8.49 MtCO₂e over the investment period by helping regenerate and enhance climate resilience on at least 172,664 ha of forest, agricultural and coastal land. MERF also aims to achieve adaptation goals by impacting the lives of 312,662 (0.34% of the region's population) beneficiaries in the LMR, including 279,400 direct and 33,262 indirect beneficiaries. These beneficiaries will directly and indirectly receive support and improved livelihoods by MERF's portfolio companies.
92. MERF will invest in business models that reduce GHG emissions from the agriculture, forestry, and land-use sectors, and contribute to climate resilience for farmers and ecosystems. A pipeline of companies that have been initiated and vetted can be found in Appendix 1.4 of the Feasibility Study. The demonstration of climate impact from GCF financing for MERF takes place at three stages: (1) at FP preparation by demonstrating alignment with national priorities and preparing initial estimates based on indicative pipelines; (2) during DD and investment process to ensure that investments address identified barriers and meet MERF and GCF impact criteria; (3) by conducting in-depth M&E and annual reporting at project level aligned with programme impact indicators.

Mitigation

93. The primary means of achieving GHG mitigation comprise measures to increase carbon removals via forest management and restoration including mangrove protection and restoration, agroforestry and regenerative agricultural practices and sustainable agricultural intensification. Emission reductions will be achieved via practices such as improved fertilizer management, reduced emissions from livestock feed, and sustainable rice production. Detailed impact calculations and calculation methodologies are presented in Annex 22.
94. Over the lifetime of the program, MERF will:
- Contribute to over **8.5 Mt CO₂e** of emission reductions.
 - Enhance climate resilience on and regenerate at least **172,664 ha** of forest, agricultural and coastal land.

Adaptation

95. To ensure that capacity-building and awareness-raising are systematically delivered, MERF investments will include dedicated and structured farmer engagement activities embedded within each portfolio company's operations and efficiently delivered by the portfolio companies. These activities will come in a variety of formats including but not limiting to regular on-field training sessions, demonstration plots, farmer field schools, and peer-to-peer learning platforms, alongside targeted awareness sessions on the benefits of regenerative and climate-resilient practices, etc. In addition, companies will provide continuous extension support, on-the-ground advisory services, and dissemination of practical guidance through different channels, ensuring that farmers and value chain actors build the necessary knowledge, technical skills, and confidence to adopt and sustain improved practices. The Technical Assistance Facility (TAF) will complement these efforts by standardizing training approaches, strengthening knowledge dissemination, and enhancing learning systems across portfolio companies.
96. Direct beneficiaries are defined as people who engage directly with Fund-supported companies. Categories of direct beneficiary include:
- Farmers and out growers who supply portfolio companies
 - Other potential direct beneficiaries might include, for example, value-chain actors who receive increased business from portfolio company activity or value-chain actors who receive technical assistance from MERF or portfolio companies. However, it is not possible to anticipate in advance the number or types of such companies who will be impacted by MERF investees, nor the number of employees in those companies who might experience benefits. Therefore, to ensure conservatism, the calculation below focuses on the smallholder farmers who are engaged directly by MERF investee companies.
97. MERF will track various key performance indicators (KPIs) to measure the adaptation and mitigation impact on beneficiaries (Please refer to Annex 23 for the detailed KPIs)
98. Furthermore, in line with the IRMF Results Handbook, all household members should be counted when targeted support related to food security is provided at the household level.
99. Indicative sex disaggregation of beneficiaries is based on the average population sex ratio for the target countries (50.1% female, 49.9% male)
100. The following table provides a multiplication factor to determine the number of household members reached for each farmer engaged by the programme.

Country	Average Household Size ¹	(excluding head of household)	Population
Lao PDR	4.4	3.4	7,600,000
Viet Nam	3.6	2.6	100,300,000
Weighted average by population	3.7	2.7	

Table 5 – Target countries’ average household size

101. Indirect beneficiaries are defined as people who experience benefits without engaging directly with MERF portfolio companies. The primary category of indirect beneficiaries include neighboring farmers who do not participate in the intervention of the MERF’s portfolio companies but experience positive spillover effects arising from the improved practices of farmers of MERF’s companies.
102. Based on an indicated investment portfolio of USD 149 million, MERF is expected to reach 279,400 direct beneficiaries, and 33,262 indirect beneficiaries. Please see Annex 23 for the detailed beneficiary calculation methodology.

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

103. The MERF will contribute to paradigm-shifting pathways in agriculture, forestry and in ecosystems and ecosystem services. MERF’s contribution to a paradigm shift in low-carbon and climate-resilient development is aligned with the four pillars of the GCF Strategic Plan: (1) transformational planning and programming, (2) catalyzing climate innovation, (3) mobilizing funds at scale, and (4) coalitions and knowledge to scale up success.
104. The MERF demonstrates significant potential for scaling up and replication (see Section B.6 Exit Strategy). By providing a model for investment in sustainable agriculture, forest, and aquaculture production, MERF helps to reduce the barriers for commercial investment in this sector across the LMR.
105. The MERF contributes to knowledge sharing and learning via transparent ESG reporting and establishing mechanisms to share good practices, lessons learned and success stories.
106. The MERF contributes to climate-resilient development pathways in the region, consistent with national strategies and plans. Among other contributions, MERF’s equity investments promote new business models that incentivize low-carbon and climate resilient value chains that contribute to NDCs (see Section B.1).
107. Tables 5, 6, and 7 respectively, summarize these contributions to the agriculture, forestry, and ecosystem and ecosystem services sectors:

		Agriculture and Food Security					
		Transformational Planning & Programming	Catalyzing Climate Innovation	Mobilization of Finance at Scale		Coalitions & Knowledge to Scale Up Success	
Paradigm - Shifting Pathways	Promoting Resilient Agroecology	<ul style="list-style-type: none"> Post-investment portfolio management to mitigate risks of maladaptation and maximize joint adaptation-mitigation synergies Ensuring companies are responsive to the needs of smallholder farmers, women and vulnerable groups Investment pipeline development 	<ul style="list-style-type: none"> Promoting new business models that incentivize low-emissions resilient inputs, practices & technologies Promoting landscape-level natural resource management for hazard prevention (mangrove restoration, etc) 	<ul style="list-style-type: none"> Provision of equity investment for agricultural producers Payments and incentives for ecosystem services 	<ul style="list-style-type: none"> Use of blended finance to mobilize private finance at scale Rigorous ESG impact measurement Mobilization of national & global funds through capital markets 	<ul style="list-style-type: none"> Transparent ESG reporting and establishment of knowledge platforms for sharing good practices, lessons learned and success stories Promoting successful business models for scaling resilient and low-emission agriculture 	<ul style="list-style-type: none"> Monitoring, evaluation & learning to inform scaling Promoting public awareness & capacity building for scale
	Reconfiguring food systems	<ul style="list-style-type: none"> Using equity investments as a lever to catalyze high-impact adaptation & mitigation in sustainably productive food systems 	<ul style="list-style-type: none"> Promoting agroforestry and climate resilient varieties and approaches to build resilient food systems 	<ul style="list-style-type: none"> Capitalization of private equity investment vehicle focused on climate & food security 	<ul style="list-style-type: none"> Supporting private sector actors to mainstream climate risk in their business models, internal policies and investments 		

Table 5 Paradigm shifting pathways for agriculture

Forests and Land Use							
		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 (intact forests, peat lands)	Incorporating forest and landscape protection objectives into investment agreements with commercial producers	Provision of equity investment for agricultural and forest producers employing sustainable techniques	Use of blended finance to mobilize private finance at scale	Transparent ESG reporting and establishment of knowledge platforms for sharing good practices, lessons learned and success stories	Monitoring, evaluation & learning to inform scaling
	Restoring degraded forests and other landscapes	Using minority equity investments as a lever to derive commercial value from restoration of degraded forests and other landscapes	Supporting the adoption of forest crops that can be grown in agroforestry systems on marginal, degraded land	Payments and incentives for ecosystem services			
	Sustainable management of productive forest landscapes	Development of value chains based on sustainable management of productive forest landscapes (e.g. NTFFPs)	Supporting the application of PES (e.g., carbon credits) to increase the financial viability of projects, where appropriate	Capitalization of private equity investment vehicle focused on climate & food security	Mobilization of national & global funds through capital markets	Supporting private sector actors to mainstream climate risk in their business models, internal policies and investments	Promoting public awareness & capacity building for scale

Table 6 Paradigm shifting pathways for forests & land use

Ecosystems and Ecosystem Services							
		Transformational Planning & Programming	Catalyzing Climate Innovation	Mobilization of Finance at Scale		Coalitions & Knowledge to Scale Up Success	
Paradigm - Shifting Pathways	Ecosystem-based management of terrestrial ecosystems	Participatory multi-stakeholder processes and effective demonstration of "free, prior and informed consent" (FPIC) Support for ecosystem-based solutions improving NDCs	Leverage equity investment to promote businesses based on non-timber forest products' sustainable management and harvesting	Provision of equity investment for agricultural producers Payments and incentives for ecosystem services	Use of blended finance to mobilize private finance at scale Rigorous ESG impact measurement	Transparent ESG reporting and establishment of knowledge platforms for sharing good practices, lessons learned and success stories Promoting successful business models for scaling resilient and low-emission agriculture	Monitoring, evaluation & learning to inform scaling Promoting public awareness & capacity building for scale
	Ecosystem-based management of coastal systems	Support for an improved enabling environment for ecosystem-based adaptation in coastal areas Implementing social safeguards and FPIC	Leverage minority equity investment to promote new approaches for sustainable seaweed and shrimp farming	Capitalization of private equity investment vehicle focused on climate, landscape regeneration & food security			

Table 7 Paradigm shifting pathways for ecosystems and ecosystem services

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

108. Through its outcomes and co-benefits the MERF supports Lao PDR and Viet Nam to achieve the Sustainable Development Goals:

- **SDG 2 (Zero Hunger)** - MERF equity funding helps farmers and producers adopt regenerative and climate-resilient practices to ensure that land is sustainably managed, degraded landscapes are restored and forests and soils protected and regenerated, improving food security in the face of climate challenges.
- **SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth)** - Investment decisions support gender equity, inclusion and equal opportunities for marginalized communities. The Fund supports supply chain inclusion and socioeconomic development and improved livelihoods for farmers and rural communities. Importantly, the MERF supports companies to adopt binding targets for improving gender equity, with a goal that 50% of investments will be aligned with 2X criteria. It is expected that at least 45% of smallholder farmers supported by MERF investee companies will be women. SDG 5 is reflected in the programme co-benefit "increased financial and social inclusion for women and vulnerable groups". Please see Annex 8 (Gender Analysis and Gender Action Plan) for more details.
- **SDG 10 (Reduce Inequality) Target 10.2 – Social, economic and political inclusion** - MERF delivers this SDG through the integration of gender, equity and social inclusion in its investment strategy. As detailed in Annex 8 (Gender Analysis and Gender Action Plan), the MERF applies the 2X Principles to increase the proportion of women and under-represented groups in company management, and to increase their absolute and relative financial returns as actors in agri-commodity value chains. SDG 10 is reflected in the programme co-benefit "increased financial and social inclusion for women and vulnerable groups".
- **SDG 12 (Responsible Consumption and Production)** – The MERF invests in agribusinesses that adopt sustainable practices along production and supply chains, including sustainable management and efficient use of natural resources, environmentally-sound management of chemicals and wastes, sustainable reduction of food losses and waste generation, as well as support strengthening scientific and technological capacity towards sustainable practices. SDG 12 is reflected in the programme co-benefit "increased biodiversity and soil quality".

- **SDG 13 (Climate Action)** - The MERF invests in business models that sequester or reduce GHG emissions, and supports farmers to implement practices that reduce, avoid or sequester carbon in the agriculture, forestry and land use sectors.
- **SDG 15 (Life on Land)** - The MERF provides training, knowledge sharing and capacity building to land users to promote sustainable land management and regenerative farming practices. This helps to conserve and restore vulnerable ecosystems and improve climate resilience of landscapes. SDG 15 is reflected in the programme co-benefit “increased biodiversity and soil quality”.
- **SDG 17 (Partnerships for the Goals)** - The MERF operates as a public-private partnership between development finance institutions, grant providers, impact investors, NGOs, commercial private investors and industry experts. Via the MERF partners, the program can demonstrate and share lessons learned and success stories, increasing confidence and decreasing the perceived risk of investing in sustainable land use and regenerative, climate resilient agriculture in the Lower Mekong Region.

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

Vulnerability of countries & specific vulnerable groups

109. LMR is one of the most vulnerable regions to climate, as discussed in section B.1. This region is vulnerable to effects of climate change, due to expected risks of increased temperature, precipitation, climate hazards (**Error! Reference source not found.**), and the region’s reliance on the agriculture, forestry, and land use sectors (AFOLU) for employment and subsistence. Rural populations in the two countries in the MERF programme rely considerably on AFOLU but lack financial resources and business capacity to undertake mitigation and adaptation activities on their own. MERF will invest in companies in AFOLU sector that support smallholder farmers and communities in developing climate resilient agriculture, adapting to the stresses of climate change and reducing current emissions of the sectors.

110. As discussed in Annex 8 (Gender Assessment & Action Plan), climate change does not affect different groups and genders equally. The female labor force participation rate in agriculture in Viet Nam is approximately 23.9% (2023), and just over 50% in Lao PDR. Despite their heavy involvement in agriculture, women face significant and persistent barriers to participating fully in the sector due to limited access to productive resources, market, skills development and labor market opportunities than men. MERF therefore has opportunity to aid women small-farmers pursue resilient and regenerative agriculture.

Economic & social development level of the countries and the affected population

111. One target country in the MERF programme - Lao PDR is classified as a Least Developed Country. A more in-depth analysis of the socio-economic context of the target countries is provided in Annex 2.

Need & justification for financing

112. Smallholder farmers and agri-businesses in the LMR face multiple challenges to investment in climate resilient and low-carbon agriculture. High upfront costs and extended payback rates associated with these approaches make it challenging to finance these investments out of cashflows. Local lenders are risk-averse and unwilling to provide meaningful amounts of capital without adequate collateral. GCF equity investment is required to overcome various barriers facing stakeholders in this sector blocking faster climate actions.

113. NDCs of the target countries both specify need for external climate finance to achieve mitigation and adaptation goals. Lao PDR NDC seeks innovative financial mechanisms blending public and private capital to mitigate risks and unlock private sector investment in climate projects¹³. Viet Nam’s NDC seeks investment from international specialized funds such as GCF¹⁴, and the domestic business sector and FDI¹⁴. However, most climate finance going to the LMR is in the form of debt. As mentioned in Section B.5, this causes fiscal difficulty at both national and firm level. This debt burden is training for Lao PDR - an LDC with limited hard currency reserves. MERF will use equity investment to supply climate finance without expanding the countries’ debt burdens and will mobilize private investment to catalyze much needed climate finance for mitigation and adaptation.

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

13 <https://unfccc.int/sites/default/files/NDC/2022-06/NDC%202020%20of%20Lao%20PDR%20%28English%29%2C%2009%20April%202021%20%281%29.pdf>

14 https://unfccc.int/sites/default/files/NDC/2022-06/Viet%20Nam_NDC_2020_Eng.pdf

114. With offices in Ho Chi Minh City and Hanoi, Mekong Capital has operated for over 24 years in the region and demonstrates a long-term commitment to the countries and people of the LMR. To ensure country ownership, the development of MERF has been informed by consultations with a range of stakeholders in Lao PDR and Viet Nam. These include on-site discussions with smallholder farmers and potential investee companies, development agencies, current and potential investors, and civil society organizations. Annex 7 - Summary of Consultations and Stakeholder Engagement Plan includes details of consultations to date with relevant stakeholders and plans for ongoing engagement during the programme's implementation phase.

115. MERF programme aligns closely with both countries' NDCs, NAPs, and REDD+ program strategies and objectives, especially in the Sustainable Land Use, Forestry and Agriculture sectors. MERF programme is also responsive to the priorities highlighted in each country's GCF Country Programme. To date, Mekong Capital has consulted with the NDAs of Lao PDR and Viet Nam, through emails, phone calls and in-person meetings.
- Lao PDR: The NDA stated that there is a strong fit between the objectives of MERF program with Lao Government's goals. The NDA also strongly urged MERF to carefully conduct DD on land rights before making investments. There is a major problem in Laos that many companies have overlapping claims on same land (as do villagers, communities and other Ministries issuing concession permits). Thus, it is imperative that land rights DD be thorough, and in consultation (with support of) the Ministry of Agriculture and Environment. The NDA has issued the No-objection letter for the MERF program.
 - Viet Nam: As per the NDA's direction, Mekong Capital has met with the Ministry of Agriculture and Environment (MAE) to discuss the alignment between MERF program and the ministry's strategy. The ministry strongly supported MERF program and confirmed the alignment of the program with the direction of the Government in Agriculture sector, especially in promoting Private Sector involvement in mobilizing capital for Agriculture, Nature-based Solutions. The representative of MAE also suggested MERF to cooperate with the ministry and its provincial departments to organize joint events to meet, assess, private businesses with nature-based business models in agriculture in Vietnam and to. In a recent consultation, The NDA stated that there is a strong fit between the objectives of the MERF program with the Vietnam Government goals and targets to increase private sector investments into climate action programs. The NDA has issued the No-objection letter for the MERF program.

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

116. The MERF operates on the principle of minimum concessionality, and is designed to maximize the impact of GCF support. Annex 3 (Financial Analysis) presents a comprehensive analysis of the financial model of the MERF investment fund based on two distinct funding scenarios: 1) MERF without GCF's concessional funding and 2) with GCF's concessional funding. Under Scenario 1 MERF relies entirely on other concessional investors and the conventional financing sources from investors seeking purely commercial market returns (private investors, DFIs seeking commercial returns, etc.) via equity investment. The lack of GCF's catalytic funding makes it more challenging for MERF to fundraise, leads to a much longer fundraising timeline, smaller overall fund size, and potentially deprive the fund of opportunities to make larger size investments. Smaller investments will ultimately lead to less capital being mobilized, limiting the business growth potential of portfolio companies, as well as less climate and sustainable development impact result being delivered. In the second scenario, the inclusion of concessional funding can make the Fund significantly more attractive to investors, thereby improving MERF's financial performance. With the presence of GCF's concessional funding, MERF is expected to raise more overall capital, from both public and private investors, in a shorter period of time, enabling faster and larger investments. With bigger investment ticket sizes, the investee companies are expected to capture more business growth potential and create more impact result, and ultimately mobilize more capital for climate and the Lower Mekong Region.

117. Initial fundraising discussions with public and private investors indicate a strong interest in the MERF but an unwillingness to invest without (1) the reassurance of a junior equity tranche and (2) the increased legitimacy that comes from GCF investment. GCF financing of USD 50 million will mobilize USD 150 million of private and public investment.

	Scenario 1: Without GCF's funding	Scenario 2: With GCF's funding
Fund size	US\$80,000,000	US\$200,000,000

Fund life (years)	12	
Total investment amount	US\$57,000,000	US\$149,000,000
Investment period	5 years	
No. of estimated investments	11	11
Ticket size (max 15% of fund size's)	US\$3-12,000,000	US\$5-30,000,000
Average Investment amount	US\$5,180,000	US\$13,550,000

Table 8 – MERF's economics with and without GCF Funding

E. LOGICAL FRAMEWORK

E.1. Project/Programme Focus

- Reduced emissions (mitigation)
- Increased resilience (adaptation)

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

Assessment Dimension	Current state (baseline)		Potential target scenario (Description)	How the project/programme will contribute (Description)
	Description	Rating		
Scale	Currently, equity investments into climate resilient, regenerative and sustainable agricultural production are limited in the target countries.	<u>Low</u>	Equity investment into the sustainable agriculture sector will be mainstreamed across the region, providing patient capital for agri-commodity producers to shift to climate resilient and regenerative practices at scale.	Output 2.1 MERF successfully identifies and finances eligible companies and businesses that support farmers in implementing climate resilient and regenerative agricultural practices
Replicability	Replication is hampered by limited investor awareness of effective models for financing socially inclusive and sustainable agri-commodity production	<u>Low</u>	Investment firms will have access to replicable models that reduce perceived risk and accelerate the establishment of viable equity investment vehicles for sustainable agriculture in the LMR MERF aims to establish production techniques and good practices for low-emission and climate resilient production, that can be replicated by other businesses in the AFOLU sector.	Output 2.1 MERF successfully identifies and finances eligible companies and businesses that support farmers in implementing climate resilient and regenerative agricultural practices MERF will document and share information and results from investee company sustainability and climate mitigation/ adaptation activities
Sustainability	Without concessional finance the MERF cannot operate at the	<u>Low</u>	Once established the MERF aims to scale up to USD 200 million. At this scale there is sufficient volume and	GCF concessional financing will help crowd-in additional investment to reach a fund size of USD 200 million. This will allow diversification into a broader and

F

	<p>minimum efficient scale to crowd-in commercial investors and operate sustainably</p>		<p>diversification in the portfolio to reduce risk and improve returns for commercial investors. This contributes to a virtuous circle of investment efficiency.</p> <p>MERF provides patient capital and long-term support to ensure that investee companies remain financially viable beyond the investment period, and continue to deliver climate and sustainability benefits for local and national stakeholders.</p>	<p>higher-impact portfolio, while more efficiently covering the fixed and variable costs associated with fund management and support to investee companies</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 ¹⁵	
<p><u>MRA4 Forestry and land use</u></p>	<p><u>Core 1: GHG emissions reduced, avoided or removed/sequestered</u></p>	<p>Annual GHG mitigation calculations using Tier 2 and Tier 3 data provided by investee companies.</p> <p>Independent monitoring, with mid-term and final impact evaluations.</p>	<p>0 tCO₂e</p>	<p>2.4 MtCO₂e (cumulative)</p>	<p>8.5 MtCO₂e (cumulative by end of year 12)</p> <p>(15.3 MtCO₂e by end of 20-year investment lifetime)</p>	<p>Data sources and methodologies applied for estimating baseline and targets</p> <p>Figures include a 30% deduction/buffer to account for GHG reversals due to natural or man-made catastrophe (fires, etc); policy environment remains aligned with GHG mitigation</p>

¹⁵ 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.

F

						Interim and final targets are cumulative figures estimated using Tier 1 Ex-ACT data and extrapolated from an indicative investment pipeline (see Annex 22), over the 12-year investment period. Baseline is zero because only mitigation as a result of MERF investment is counted (see FP sections B.5 and D.4).
<u>ARA4 Ecosystems and ecosystem services</u>	<u>Core 4: Hectares of natural resources brought under improved low-emission and/or climate-resilient management practice</u>	Annual reporting of E&S KPIs from investee companies Evaluation including document cross-checking, site visits and third-party surveys and assessments	0	85,000	172,664	Economic and policy conditions remain conducive to adopting improved practices. Initial targets estimated based on indicative investment pipeline. Baseline is zero because only improved practices as a result of MERF investment are counted
<u>ARA1 Most vulnerable people and communities</u>	<u>Core 2: Direct and indirect beneficiaries reached</u>	Annual reporting of E&S KPIs from investee companies. Evaluation including document cross-checking, site visits and third-party surveys and assessments	0	48,000 direct Female: 24,048 (50.1% female)	99,786 direct Female: 49,993 (50.1% female)	Based on assumptions about capital disbursement rates and business absorptive capacity. Economic and policy conditions remain conducive to adopting improved practices.

F

				<p>15,000 indirect Female: 7,515</p>	<p>33,262 indirect Female: 16,664</p>	<p>Initial targets estimated based on indicative investment pipeline. More details in Annex 23.</p> <p>Direct beneficiaries include all farmers engaged by the MERF companies and adopted improved practices.</p> <p>Each of these farmers is neighbored to 3.3 farmers and 10% of them is assumed to experience positive spillover effect (Indirect beneficiaries).</p> <p>Baseline is zero because only adoption as a result of MERF investment is counted (see FP Section B.3 and D.4 for justification).</p> <p>Target of 50.1% of beneficiaries will be female to align with national sex ratios.</p>
<p><u>ARA1 Most vulnerable people and communities</u></p>	<p><u>Supplementary 2.1: Beneficiaries (female/male) adopting improved and/or new climate-resilient livelihood options</u></p>	<p>Annual reporting of E&S KPIs from investee companies focused on Number of smallholder farmers reached.</p>	<p>0</p>	<p>48,000 direct Female: 21,600 (45%)</p>	<p>99,786 direct Female: 44,904 (45%)</p>	<p>Economic and policy conditions remain conducive to adopting improved practices.</p>

F

		<p>Evaluation including document cross-checking, site visits and third-party surveys and assessments</p>		<p>Male: 26,400</p>	<p>Male: 54,882</p>	<p>Initial targets estimated based on indicative investment pipeline.</p> <p>99,786 farmers engaged by farmers and adopted improved and/or new climate-resilient practices. More details in Annex 23.</p> <p>Baseline is zero because only adoption as a result of MERF investment is counted.</p> <p>Target of 45% of farmer beneficiaries will be women</p>
<p><u>ARA2 Health, well-being, food and water security</u></p>	<p><u>Core 2: Direct and indirect beneficiaries reached</u></p>	<p>Annual reporting of E&S KPIs from investee companies.</p> <p>Evaluation including document cross-checking, site visits and third-party surveys and assessments</p>	<p>0</p>	<p>120,800 direct</p> <p>Female: 60,520 (50.1% female)</p>	<p>246,138 direct</p> <p>Female: 123,315 (50.1% female)</p>	<p>Based on assumptions about capital disbursement rates and business absorptive capacity.</p> <p>Economic and policy conditions remain conducive to adopting improved practices.</p> <p>Initial targets estimated based on indicative investment pipeline. More details in Annex 23.</p> <p>Assumption is that at least 2/3 of farmers (66,524) reached by MERF-supported companies will</p>

F

						<p>see food security benefits as a result of MERF company engagement.</p> <p>In line with the IRMF Results Handbook, all household members should be counted when targeted support related to food security is provided at the household level. Average household size is 3.7 people.</p> <p>Baseline is zero because only adoption as a result of MERF investment is counted (See FP sections B.3 and D.4 for justification).</p> <p>Target of 50.1% of beneficiaries will be female to align with national sex ratios.</p>
<p><u>ARA2 Health, well-being, food and water security</u></p>	<p><u>Supplementary 2.2: Beneficiaries (female/male) with improved food security</u></p>	<p>Annual reporting of E&S KPIs from investee companies Focused on number of people reporting increased food security based on the FAO Food Insecurity Experience Scale</p> <p>Evaluation including document cross-checking, site visits and</p>	<p>0</p>	<p>120,800 direct</p> <p>Female: 60,520 (50.1% female)</p>	<p>246,138 direct</p> <p>Female: 123,315 (50.1% female)</p>	<p>Economic and policy conditions remain conducive to adopting improved practices.</p> <p>Initial targets estimated based on indicative investment pipeline. More details in Annex 23.</p>

F

		third-party surveys and assessments				<p>Assumption is that at least 2/3 of farmers (66,524) reached by MERF-supported companies will see food security benefits as a result of MERF company engagement.</p> <p>In line with the IRMF Results Handbook, all household members should be counted when targeted support related to food security is provided at the household level. Average household size is 3.7 people.</p> <p>Baseline is zero because only adoption as a result of MERF investment is counted (see FP sections B.3 and D.4 for justification).</p> <p>Target of 50.1% of beneficiaries will be female to align with national sex ratios.</p>
<u>TOTAL</u>	<u>Core 2: Direct and indirect beneficiaries reached</u>	See ARA1 and ARA2	0	137,124 direct Female: 68,699 (50.1% female)	279,400 direct Female: 139,979 (50.1% female)	<p>See ARA1 and ARA2 comments and assumptions above.</p> <p>To avoid double-counting smallholder farmers:</p>

F

				15,000 indirect Female: 7,515	33,262 indirect Female: 16,664	<p>- (66,524) who receive benefits under both ARA1 and ARA2 along with their farming household members (179,615) who receive food security benefits under ARA 2 are counted only once. (Direct)</p> <p>- 1/3 of farmers (33,262) reached by MERF-supported companies who adopted improved practices but did not experience food security benefits are counted only once, under ARA1. (Direct)</p> <p>- The neighboring farmers (33,262) to the engaged farmers are counted only once, under ARA1. (Indirect)</p>
--	--	--	--	----------------------------------	--------------------------------------	--

E.4. GCF Outcome level: Enabling environment (IRMF core indicators 5-8 as applicable)

Core Indicator	Baseline context (description)	Rating for current state (baseline)	Target scenario (description)	How the project will contribute	Coverage
<u>Core Indicator 6: Degree to which GCF investments contribute to technology deployment, dissemination, development or transfer and innovation</u>	Limited adoption of low-emission and climate resilient practices and technology	<u>low</u>	As a result of MERF support companies and farmers transition sustainably to low-emission and climate resilient agricultural production practices	MERF will provide upfront capital to help agribusinesses and farmers identify, adopt and scale up appropriate technologies	<u>Multi-countries</u>

F

<p><u>Core indicator 7: Degree to which GCF Investments contribute to market development/transformation at the sectoral, local, or national level</u></p>	<p>Limited market for equity investment in the AFOLU sector in the Lower Mekong Basin</p> <p>Significant barriers to adoption of low-carbon, climate resilient business practices in the AFOLU sector</p>	<p><u>low</u></p>	<p>As a result of MERF increased willingness to adopt regenerative, low-carbon and climate resilient practices in the AFOLU sector.</p> <p>Increased appetite for the provision of patient equity investment in the sector.</p>	<p>MERF will de-risk private investors while providing patient capital to businesses and farmers engaged in low-carbon and climate resilient agricultural practices.</p>	<p><u>Multi-countries</u></p>
---	---	-------------------	---	--	-------------------------------

E.5. Project/programme specific indicators (project outcomes and outputs)						
Project/programme results (outcomes/ outputs)	Project/programme specific Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final	
<p>Outcome 1: The Mekong Earth Regeneration Fund has access to the required financial resources to support low-carbon, climate resilient and regenerative agriculture</p>	<p>Value of financial resources (in USD) mobilized by MERF</p>	<p>Investment agreements with financial contributors</p>	<p>0</p>	<p>USD 200 million</p>	<p>USD 200 million</p>	<p>Market conditions remain favorable for fundraising under expected financial terms</p> <p>Macroeconomic conditions remain conducive to investment success</p> <p>Sufficient pool of pipeline companies in MERF target countries</p>
<p>Outcome 2: Smallholder farmers and value-chain actors adopt climate-resilient regenerative agriculture and low-emission land-</p>	<p>a) Annual average household income increase for smallholder farmers</p> <p>b) Number of farmers engaged by</p>	<p>Published downscaled government statistics, where available</p> <p>Household surveys</p>	<p>0</p> <p>0</p>	<p>25% increase (cumulative)</p>		<p>Baseline will be determined during investment due diligence stage. No macroeconomic or policy shocks; commodity prices</p>

E

<p>use practices, strengthening resilience and reducing emissions</p>	<p>companies and achieving sustainability certification and/or supply chain traceability</p>	<p>Annual reporting of E&S KPIs from investee companies focused on number of smallholder farmers reporting increased yields and/or certification/ traceability.</p> <p>Evaluation including document cross-checking, site visits and third-party surveys and assessments</p>		<p>14,400 (30% of total engaged farmers)</p>	<p>55% increase (cumulative by end of year 12)</p> <p>59,871 (60% of total engaged farmers)</p>	<p>and market conditions remain stable; certification and supply chain traceability generate pricing premiums or continued market access.</p>
<p>Output 1.1 MERF is operationalised with effective procedures, systems, partnerships, and investment agreements, and raised capital at fund level</p>	<p>Number of Fund operational documents and procedures established</p> <p>Number of subscription agreements with LPs signed</p>	<p>Luxembourg SCSp GP establishment documentation</p> <p>Luxembourg AIFM agreement</p> <p>Investment Adviser agreement</p> <p>Investment committee procedures manual</p> <p>Operations Manual</p> <p>Subscription agreements with MERF LPs</p>	<p>2</p> <p>0</p>	<p>5</p> <p>12</p>	<p>5</p> <p>12</p>	<p>Market and policy conditions remain favourable for fund establishment and fundraising under expected financial terms</p>
<p>Output 2.1 Agribusinesses receive equity capital and support for scaling up</p>	<p>Amount (in USD) disbursed to investee companies</p>	<p>Investment agreements between MERF and portfolio companies</p>	<p>USD 0</p>	<p>USD 149 million</p>	<p>USD 149 million</p>	<p>Macroeconomic conditions remain conducive to investment success</p>



<p>climate-smart regenerative agriculture and low-emission land-use practices</p>	<p>Number of investment agreements with investee companies.</p> <p>Number of beneficiaries receiving at least one form of direct and targeted intervention enabled by MERF-funded investments.</p> <p>Number of supported smallholder farmers with increased awareness of good practices for regenerative agriculture and low-emission land use</p>	<p>Annual financial reports Mid-term and final reporting</p> <p>Annual reporting of E&S KPIs by investee companies Cross-checking, baseline independent mid-term and terminal evaluation</p> <p>Farmer surveys</p>	<p>0</p> <p>0</p> <p>0</p>	<p>10</p> <p>33,000 direct Female: 14,850 (45%) Male: 18,150</p> <p>42,400 Female: 19,080 (45%) Male: 23,320</p>	<p>10</p> <p>66,524 direct Female: 29,926 (45%) Male: 36,588</p> <p>84,818 Female: 38,168 (45%) Male: 46,650</p>	<p>Sufficient pool of pipeline companies in MERF target countries</p> <p>Assumption is that at least 2/3 of farmers reached by MERF-supported companies will see benefits as a result of MERF company engagement.</p> <p>Target of 45% of farmer beneficiaries will be women</p> <p>Initial targets estimated based on indicative investment pipeline. 99,786 farmers engaged by companies but assume conservatively that only 85% of farmers engaged (84,818) will have increased awareness of good practices.</p>
<p>Project/programme co-benefit indicators</p>						
<p>Co-benefit 1: Increased financial and social inclusion for women and vulnerable groups</p>	<p>Percentage of portfolio companies that align with the 2X Criteria</p>	<p>Annual reporting of E&S KPIs by investee companies Cross-checking, baseline independent mid-term and terminal evaluation</p>	<p>TBD</p>	<p>30%</p>	<p>50%</p>	<p>Market conditions and business opportunities allow investment in relevant companies that meet the 2X Criteria</p>

						(Note: this co-benefit aligns with SDG 5 and SDG 10)
Co-benefit 2: Increased biodiversity and soil health	Improved soil health: Soil organic carbon (ton/ ha)	Annual reporting of E&S KPIs by investee companies; third-party assessment using recognized methodologies	TBD	TBD	TBD	<p>Baseline soil conditions and to be assessed by investee companies once investment commences.</p> <p>Assumes no external impacts that counteract regenerative measures by investee companies and farmers.</p> <p>(Note: this co-benefit aligns with SDG 12 and SDG 15)</p>

E.6. Project/programme activities and deliverables

Activities	Description	Sub-activities	Deliverables
Activity 1.1.1 Set up the investment facility with an Alternative Investment Fund Manager (AIFM) licensed in Luxembourg	The MERF will be established as a Société en Commandite Spéciale (SCSp) a partnership incorporated in Luxembourg bringing together the General Partner (GP), the investors and limited partners, and function as a traditional private equity investment vehicle	<p>Sub-activity 1.1.1.1 Establish MERF Société en Commandite Spéciale (SCSp) a partnership incorporated in Luxembourg</p> <p>Sub-activity 1.1.1.2 Contract the AIFM licensed in Luxembourg</p> <p>Sub-activity 1.1.1.3 Contract the Advisor to provide investment advisory</p> <p>Sub-activity 1.1.1.4 Contract the Fund's Administrator to provide administrative services</p> <p>Sub-activity 1.1.1.5 Contract the Depositary to provide depositary service</p>	<p>Fund incorporation documents and legal agreements with vendors.</p> <p>Documentations of Fund's Limited Partners' Advisory Committee, and Investment Committees</p>

F

		Sub-activity 1.1.1.6 Set up Fund's governance and operational structure and policies.	
Activity 1.1.2 Fundraise USD 150M of private and public investment	The Investment Facility will leverage concessional capital from the Junior Tranche to mobilize capital from private investors and DFIs into the Fund	<p>Sub-activity 1.1.2.1 Complete the elaboration of the fund structure, strategy and initial steps to legally set up the Fund, making it ready for anchor investors</p> <p>Sub-activity 1.1.2.2 Secure anchor investors for first close</p> <p>Sub-activity 1.1.2.3 Conduct outreach to secure capital from private investors via deal posting platforms and placement agents</p>	Investment agreement(s) from anchor investors
Activity 2.1.1 Identify investment pipeline, conduct due diligence, etc. in pre-investment stage	The Fund will identify investments in private companies that fulfill MERF investment criteria	<p>Sub-activity 2.1.1.1 Deal sourcing and first meeting</p> <p>Sub-activity 2.1.1.2 Perform internal assessment on the companies</p> <p>Sub-activity 2.1.1.3 Conduct in-depth internal due diligence</p>	<p>Phase 0, 1, 2 investment memos</p> <p>Term Sheets</p>
Activity 2.1.2 Deploy equity investment capital to companies to support lower-emission, climate resilient value chains	The Fund will provide capital to support companies to implement sustainable and regenerative agriculture activities	<p>Sub-activity 2.1.2.1 Conduct external full due diligence</p> <p>Sub-activity 2.1.2.2 Address gaps identified during due diligence</p> <p>Sub-activity 2.1.2.3 Draw up and execute legal documents, and disburse capital</p>	<p>Phase 3 memo (DD findings, ESAP, Impact Action Plan, etc)</p> <p>Legal documents (Shareholder Agreement, Share Subscription Agreement, etc.)</p>
Activity 2.1.3 Manage the investment portfolio, report to LPs, and exit at end of investment period	Post-investment, MERF intends to empower each of its Portfolio Companies to successfully execute on ambitious long-term profit growth and value-creation targets through the application of the Vision Driven Investing (VDI) framework for each Investee Company.	<p>Sub-activity 2.1.3.1 Conduct periodic monitoring of contractual conditions</p> <p>Sub-activity 2.1.3.2 Support portfolio companies to provide capacity building for smallholder farmers and value-chain actors, to ensure they gain the knowledge</p>	<p>Phase 4, 5, 6 and periodical reports</p> <p>Annual investment and impact performance reports (including capacity building activities for smallholder farmers and value chain actors)</p> <p>Divestment memo</p>

E

		<p>and skills to adopt regenerative, climate resilient and low-emission practices</p> <p>Sub-activity 2.1.3.3 Monitor investment and impact performance</p> <p>Sub-activity 2.1.3.4 Prepare and execute exits, such as via trade sales and IPOs</p>	
--	--	---	--

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

At programme level

118. The AE is responsible for regular reporting to GCF. Annual performance reports (APR) will be submitted in compliance with reporting requirements under the AMA and FAA. The APR will be prepared by the MERF according to its contractual requirements under this programme, and will:

- a) Summarize the financial performance of the MERF investment vehicle according to audited and unaudited financial statements. The audits and financial accounts will provide a means of verification for Output 1.1. and Output 2.1 as indicated in Section E. 5 above. The use of audited financial statement figures is appropriate in the logframe because these figures will be provided to GCF and other investors as a definitive report on the Fund's financial performance, and
- b) Collect from portfolio companies the disaggregated project/programme-specific performance indicators described in Section E.5 above.

The APR will be submitted to the Secretariat for the period ending 31 December within 60 days after the end of the relevant annual period. The first APR will be submitted following the end of the calendar year in which the Parties enter into the relevant FAA and the last APR will be submitted within six months of the end of the end of the relevant reporting period. The implementation reporting period of the Programme will start from the date of effectiveness of the FAA until the Programme implementation end date.

In addition to the annual performance report, an inception report, mid-term evaluation report and terminal evaluation report will be submitted to the GCF, as described in Annex 11. The methodological approach for reporting the indicators is described in detail in the supplementary MRV documents, including the E&S Framework, MRV Protocol and MRV Guidance (Annex 6). As an overview, data is collected from individual MERF investee companies. The company impacts are then combined to create portfolio level reporting statements. The APR will consolidate and aggregate from project owners the project / programme specific data that will allow MERF and the AE to report against the programme specific indicators outlined in Section E.5. The mid-term and terminal evaluations will document the programme's contribution to the GCF outcome level indicators presented in Section E.3 above. The MERF data collection and management system will store raw data in disaggregated form to allow for disaggregated reporting in line with GCF reporting requirements, such as gender-related reporting.

At project level

119. During the disbursement and implementation period, the MERF will receive implementation reports from investees to track progress and identify potential issues, as well as improvement opportunities. In this document, investees will report at least on an annual basis on performance indicators (e.g., hectares under regenerative management and GHG mitigation). The MERF investment team will ensure regular monitoring by overseeing the implementation of

E

projects, meeting with company management and other stakeholders on a regular basis, and engaging regularly with local and national government. Information will be captured in the MERF MRV system to reduce transaction costs, facilitate quality assurance, and enable transparent reporting of results.

F. RISK ASSESSMENT AND MANAGEMENT

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

Selected Risk Factor 1

Category	Probability	Impact
<u>Technical and operational</u>	<u>Medium</u>	<u>Medium</u>

Description

The agriculture and land use sector in Lao PDR and Viet Nam is exposed to significant climate change hazards, with risks including extreme weather, drought, increased temperature and saline intrusion. Severe climate shocks during the early stages of implementation could reduce the effectiveness or attractiveness to farmers of the proposed interventions and threaten the achievement of mitigation and adaptation objectives.

Mitigation Measure(s)

The regenerative and climate resilient production methods supported by the MERF are expected to mitigate some risk or enhance recovery by design. These measures will enhance the resilience of agricultural activities in the event of climate shocks, reducing the probability of this risk to “Low”. In addition, MERF’s ongoing business support to portfolio companies will help managers to enhance the climate resilience of the companies’ business model and assets. If the risk cannot be fully eliminated, MERF will encourage companies and farmers to obtain appropriate insurance where it exists and is affordable (e.g., flood or fire insurance) and encourage community solidarity schemes to mitigate impacts and speed recovery.

Selected Risk Factor 2

Category	Probability	Impact
<u>Technical and operational</u>	<u>Low</u>	<u>Low</u>

Description

Technical/ operational underperformance of the downstream investments. The impact on downstream investments depends on effective implementation of interventions by the investee companies and farmers. There is a risk these interventions are not implemented effectively or yield results below expectations. Without mitigation, the probability and impact of this risk factor would each be considered “Medium”.

Mitigation Measure(s)

MERF will prioritize the adoption of proven technologies and practices to reduce the probability of technical or operational underperformance. MERF will not take agronomic risk by financing new crops that have not been planted or business models/technologies not yet proven in the country or region. In the pre-investment process, MERF will conduct rigorous Operational DD (including technology assessment) with industry experts to assess whether the business model/technology are proven and that the investee company has sufficient operational capacity, track record to scale up the model. In addition, MERF will provide ongoing support to portfolio companies and farmers to facilitate adoption of new technologies and practices, identify challenges and propose solutions on a case-by-case basis. These mitigation measures lower the probability and impact of this risk factor to “Low”.

Selected Risk Factor 3

Category	Probability	Impact
<u>Other</u>	<u>Low</u>	<u>Low</u>

Description

Deal Flow Risk: There may be a mismatch between MERF investment criteria and the number of suitable companies seeking capital in the target countries. This mismatch would restrict the MERF’s ability to deploy investor capital to drive climate action.

Mitigation Measure(s)

Equity is a relatively scarce resource in the LMR AFOLU sector, compared to the number of companies that seek equity investment. MERF has been actively sourcing investment opportunities for MERF by screening 420+

<p>companies, meeting with 200+ companies in the target countries. So far, MERF has built a robust pipeline of 19 shortlisted potential deals ready for further due diligence and investments. MERF will continue to build a pipeline of potential investee companies prior to fund close. Mekong Capital will deploy its experienced team in sourcing and screening for attractive deals, and will engage with network of partners to support deal sourcing</p>		
Selected Risk Factor 4		
Category	Probability	Impact
<u>Credit</u>	<u>Medium</u>	<u>High</u>
Description		
<p>Risk of capital loss for investors. MERF investments into portfolio companies are subject to various project risks that may result in capital losses for investors in the Fund. GCF's junior equity position helps to stimulate investments in the sector. The overall risk profile of the GCF's capital therefore is relatively high in case of underperformance in the portfolio companies.</p>		
Mitigation Measure(s)		
<p>MERF investments will be diversified across sectors, companies and countries to help mitigate portfolio risk. Mekong Capital will leverage its experience managing multiple private equity funds across the region and its local presence, to conduct thorough due diligence prior to each transaction, and will actively monitor and manage the portfolio throughout the life of the fund. Mekong Capital's hands-on approach, coupled with its rich experience and strong local team will help to identify and mitigate the risk of underperformance.</p>		
Selected Risk Factor 5		
Category	Probability	Impact
<u>Forex</u>	<u>Low</u>	<u>Medium</u>
Description		
<p>MERF is a USD denominated fund and may be exposed to currency risk where commodities and investee returns are priced in local currency.</p>		
Mitigation Measure(s)		
<p>MERF will provide most financing in USD rather than local currency. To minimize forex risk at the investee level MERF will focus on companies active in supply chains with exposure to international markets (even between LMR countries), so that their export revenues will be paid in USD.</p>		
Selected Risk Factor 6		
Category	Probability	Impact
<u>Other</u>	<u>Medium</u>	<u>High</u>
Description		
<p>Commodity / price risk: MERF invests in the agricultural and forestry sectors. Volatility in global commodity prices may affect the financial returns of portfolio companies.</p>		
Mitigation Measure(s)		
<p>MERF will invest in a diversified portfolio of agriculture and forestry value chains to avoid excessive concentration in a single or a few commodities. MERF will also support portfolio companies to achieve price premiums via sustainability and social certifications. The relatively long investment period for the MERF as a PE fund will help to smooth out short-term price shocks.</p>		
Selected Risk Factor 7		
Category	Probability	Impact
<u>Credit</u>	<u>Medium</u>	<u>Medium</u>
Description		
<p>Limited fundraising success – inability to catalyze sufficient investor funds to reach effective operational scale. The ability to deploy capital efficiently depends on MERF's ability to mobilize public and private investment.</p>		

Mitigation Measure(s)		
<p>Mekong Capital has an established track record of fundraising and capital deployment in the region. For the recent funds, Mekong Capital has successfully raised more than USD220 million from private investors. This experience, combined with the reputational benefit of GCF investment will help increase investor appetite. Increased focus on low-carbon and climate resilient commodity supply chains makes the MERF and its portfolio companies particularly attractive. In addition, the downside protection offered by the junior tranche will help to improve the risk/reward calculation for senior investors.</p>		
Selected Risk Factor 8		
Category	Probability	Impact
<u>Governance</u>	<u>Medium</u>	<u>Medium</u>
Description		
<p>National governments are not committed to slowing resource degradation and unsustainable land use, therefore sustained change cannot be achieved. This risk may arise where measures that facilitate investments in sustainable agriculture conflict with other priorities or established interests.</p>		
Mitigation Measure(s)		
<p>MERF Investment Facility focuses on two countries that have demonstrated commitment to sustainable agriculture production and climate action. As part of the investment process, the due diligence exercise will evaluate the degree to which investee businesses have achieved buy-in through meaningful engagement with local governments and their stakeholders. This is mapped out in Annex 7 whereby businesses engage with local governments from the initial stages to align incentives and interests. Partners under the parallel TA Facility have established relationships with the governments of the three target countries. Investment plans will include details on the investee's awareness of relevant government policies, programmes and interventions at the national level that can facilitate local government buy-in and support.</p>		
Selected Risk Factor 9		
Category	Probability	Impact
<u>Technical and operational</u>	<u>Medium</u>	<u>Medium</u>
Description		
<p>Difficulty to properly monitor the performance of the investments. Investee companies are primarily responsible for reporting relevant data that is used to track and report climate impacts from the programme. Late or inaccurate reporting from investee companies could affect the MERF's ability to monitor and manage performance and report to the GCF and other investors in a timely manner.</p>		
Mitigation Measure(s)		
<p>Mekong Capital, through its track record with past funds, has developed a strong monitoring framework to follow its investees and will apply this framework for the MERF. Further, the parallel TA Facility will support investee companies to monitor and report climate, environmental and social impacts. Through its investment team, Mekong Capital will play an active monitoring role, bringing additional value to the investee companies.</p>		
Selected Risk Factor 10		
Category	Probability	Impact
<u>ML/FT</u>	<u>Low</u>	<u>Medium</u>
Description		
<p>Risk that the Fund is misused for money laundering ("ML") and terrorism financing ("TF") or any other financial misconduct or crime.</p>		
Mitigation Measure(s)		
<p>Mekong Capital has an AML/CFT policy and dedicated risk and compliance officers aiming to ensure that ML/TF risks in the process of fundraising for, and investments by, the Fund are properly identified, monitored, mitigated and reported, in order to prevent the Fund and its customers, governing bodies and service providers from being misused for ML/TF or any other financial misconduct or crime. No individual or entity that is listed on any UN Security Council</p>		

sanctions list, including the UN Consolidated Sanctions list, will be involved in any manner with the project or its activities, either as a counterparty, implementer, or beneficiary. The Fund expects its business partners to apply similar standards of conduct when working for and servicing the Fund.		
Selected Risk Factor 11		
Category	Probability	Impact
<u>Technical and operational</u>	<u>Medium</u>	Select
Description		
Risk that the Fund fails to successfully exit the Fund's investments at Fund liquidation.		
Mitigation Measure(s)		
<p>Through 25 years of investment and 35 exits, Mekong Capital has built up experience exiting investments through various routes, including: Sale via Public markets, Sale to Investment Funds, Trade Sale to foreign and local strategic investors as well as Sale back to owner/company/related parties. As a part of the investment process, the Fund discusses the Exit strategy very early on in the process with the potential investee to ensure that MERF and the company are aligned. Alignment in exit strategy and assessment on the likelihood of executing of such strategy are among key criteria of the Investment Committee to approve the investment. Having an aligned exit goal with the management team/founders of the company will support the fund in an exit. The fund along with the company will also prepare for exit many years before the planned exit, such as IPO preparation (if the company chooses to list), roadshows, connecting to potential investors, build relationship with strategic buyers to ensure that the investor/buyer is already familiar with the company when it comes time to exit. The Fund also invests significant efforts into improving the attractiveness of the company, Mekong Capital works closely with the company to help build a great team, build processes, enhancing impact, enhance ESG, ensure the company achieve its KPIs and annual financial and impact targets so that the company is an attractive investment opportunity.</p>		
Selected Risk Factor 12		
Category	Probability	Impact
<u>Technical and operational</u>	<u>Medium</u>	<u>Medium</u>
Description		
Risk that the Mekong Capital may lack sufficient experience to manage MERF, as MERF represents a new, dedicated agriculture-focused strategy for the firm.		
Mitigation Measure(s)		
<p>Sector Experience: Although MERF is Mekong Capital's first fund dedicated exclusively to agriculture, the firm has prior investment experience in the agriculture and agri-related sectors in Viet Nam and Cambodia. To date, Mekong Capital has completed five investments across diverse agricultural business models, including: Herbal traditional medicine; Rice and agricultural inputs; Sustainable cacao and chocolate; Alternative livestock feed; Biochar and bio-fertilizers derived from rice husk.</p> <p>Dedicated Team and Governance: MERF is supported by a dedicated investment team of six professionals, comprising three Investment Directors, one Principal, and two Senior Investment Associates. Collectively, the team has over 55 years of investment experience and has executed more than 30 transactions in the agriculture sector. In addition, MERF's Investment Committee includes internal and external experts with deep expertise in private equity, agriculture, and environmental and social (E&S) matters, ensuring strong oversight and informed investment decision-making.</p> <p>Enhanced Environmental & Social (E&S) Capacity: Acknowledging the inherently higher E&S risks associated with agriculture and land-use sectors, Mekong Capital has significantly strengthened its E&S capabilities for MERF by having:</p> <ul style="list-style-type: none"> • One experienced E&S expert as an Investment Committee member • Two dedicated E&S professionals to the MERF team <p>These measures ensure that E&S risks are systematically identified, assessed, and managed throughout the investment lifecycle.</p>		

G. GCF POLICIES AND STANDARDS

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

120. **E&S risk classification:** MERF's investments are expected to generate positive environmental and social impacts. MERF requires investees to commit to the highest standards of sustainable agricultural and land-use practices, social standards and environmental safeguards, and will not invest in projects with unmitigable or major impacts. In accordance with GCF ESS Requirements, MERF programme E&S risk is categorized as I-2 and its sub-projects as Category B. Below is a brief overview of MERF's ESMS – see Annex 6 for details.
121. **E&S Management System (ESMS):** To avoid, mitigate and manage potential negative impacts of each investment, MERF has developed an ESMS to define processes and procedures to identify, assess, monitor and manage potential negative E&S impacts. The ESMS is developed in alignment with good international industry practices, including the IFC Performance Standards and integrated into the Fund's investment processes.
122. The objectives of the ESMS document are:
- Define policies, processes and procedures for E&S management throughout investments' lifecycle;
 - Establish tools and guidelines for screening, categorization, assessment, and management of E&S risks and impacts;
 - Establish an external communication mechanism for all stakeholders regarding the Fund's activities and E&S performance;
 - Develop institutional arrangements for ESMS implementation;
 - Establish a review and monitoring protocol for continual ESMS implementation.
123. The MERF E&S risk assessment and mitigation process fully aligns with relevant standards and frameworks, including:
- Applicable national and local E&S laws in Lao PDR and Viet Nam;
 - IFC Performance Standards on E&S Sustainability;
 - GCF Revised E&S Policy
 - GCF Gender Policy
 - GCF Indigenous Peoples Policy
 - World Bank Group (WBG) General Environmental, Health and Safety (EHS) Guidelines;
 - All applicable WBG sector-specific EHS Guidelines.
124. All assessments will be conducted by competent E&S assessors, including in-house E&S team of MERF and/or external E&S consultants.
125. The Fund ensures that:
- E&S risks, impacts and opportunities, including but not limited to, risks or potential impacts on women, men, girls or boys, or vulnerable/marginalized communities, GBVH/ SEAH risks, and gender opportunities associated with a potential investment will be identified, assessed and integrated into each stage of investment process and all decision-making, and
 - Where issues/gaps are identified, the Fund will require corrective actions by Portfolio Companies to avoid, minimize or mitigate adverse impacts, to compensate for residual impacts and to provide restoration, in accordance with Applicable Requirements. Where there are development opportunities, the Fund will seek to align with the company on an action plan. All actions will be incorporated in the agreements between parties as investment conditions.
126. Additionally, considering inherent E&S risks of the sectors of MERF's investment strategy, where the Fund's investment could expose to certain high-risk issues, it will ensure that E&S conditions corresponding with the magnitude of potential E&S risks will be included in the decision-making process to ensure that Portfolio Companies have sufficient resources and capacity to manage their risks in line with Applicable Requirements. As an impact investment fund, **MERF will not consider investment in Category A projects, which generate unmitigable negative impacts.**

Portfolio Management Roles and Responsibilities

127. Throughout investment period, portfolio companies are required to implement its ESAP and maintain, or continually improve its E&S compliance and performance in line with Applicable Requirements and E&S commitments under the agreements.
128. MERF has responsibility to monitor, support and verify such E&S compliance and performance, to achieve value creation objectives and to ensure that any material changes in activities of portfolio companies are

assessed to identify and manage changes in E&S risk. MERF’s responsibilities are implemented through several avenues:

- MERF’s board representation, to ensure that strategic guidance and oversight functions of the board incorporate E&S risk
- E&S team is responsible for monitoring implementation of ESAP, identifying capacity development and other support needs, undertaking monitoring visits and supporting reporting from portfolio companies. Where appropriate, E&S team may commission specialists to support monitoring the portfolio company’s management of key risks; and
- Deal Leaders are responsible for overseeing overall performance of the deals they manage, including E&S performance.

Portfolio Companies Reporting and Disclosure

129. Portfolio Companies are required to provide annual E&S reports to MERF. During holding period, portfolio companies are responsible for promptly notifying Mekong Capital about major E&S incidents. Deal Leaders must notify E&S Team immediately if any incident happens at investee companies.

Annual Reporting to investors

130. Annual E&S/ Development Impact Reports will be prepared and submitted by MERF to its investors, as required by investors.

Information Disclosure

131. In accordance with GCF information disclosure requirements, the ESMS will be translated and publicly disclosed in English, Lao, and Vietnamese by 29 May 2026.

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

132. Vietnamese women are principally found in lower paid occupations or in vulnerable employment. In Lao PDR, although women participate in the labor force at rates similar to men, their average monthly income is only **77% of men’s**, and they are overrepresented in low-skill occupations while bearing a disproportionate share of unpaid family and care work.

133. In agriculture, forestry, and aquaculture, women’s participation varies across the two countries. In Viet Nam, women account for approximately **23.9%** of the agricultural labor force (2023), while in Lao PDR the sector has long been feminized, with women comprising just over **50%** of economically active agricultural workers. Despite their significant contribution, women continue to face persistent barriers, including limited access to resources, education, skills development, and labor market opportunities.

134. In the LMR, women are particularly vulnerable to climate change due to their dependence on natural resources for their livelihoods. Climate change has led to changes in rainfall patterns and water availability, affecting agriculture and fisheries where women are strongly involved.

Mekong Capital and MERF Gender Strategy

135. Diversity, equality, and inclusivity (DE&I) are key priorities at Mekong Capital. Through the MERF, Mekong Capital will foster gender equality and women’s empowerment by implementing a gender investing strategy, which integrates gender lens into MERF’s investment processes.

DE&I within Mekong Capital in 2024			
83% of employees are women	33% of partners are women	88% of managers are women	88% of promotions in 2024 were for women

Table 9 – DEI at Mekong Capital (2024)

136. MERF Gender Investing Strategy follows the Gender-Smart Investing Guide for Fund Managers by International Finance Corporation (IFC) and CDC¹⁶, covering the investment life-cycle from origination, DD , deal structuring, portfolio management and reporting.

¹⁶ <https://www.ifc.org/en/insights-reports/2020/gender-smart-investing-guide>

137. MERF aligns with GCF Gender Policy¹⁷. The Fund’s gender approach is also aligned with international standards, including Universal Declaration of Human Rights, the Convention on the Elimination of All Forms of Discrimination against Women, SDGs, and International Labour Organization’s core conventions.
138. MERF sets an ambitious gender impact goal of reaching **50% of MERF’s investments to be 2X Criteria-aligned at the end of the Fund’s lifetime**. This target is aspirational and will be monitored annually. Given MERF’s focus on AFOLU sectors, investee companies will be expected to support women’s participation across their workforce and supply chains, strengthen gender diversity within leadership.
- 139.

Country	Targets for senior leadership	Targets for overall workforce
Viet Nam	30% (senior management) 30% Board of Directors (BOD)	45%
Lao PDR	45% (senior management) 30% BOD	45%

Table 10 – 2X Criteria for “Senior Leadership” and “Workforce” in target countries

140. All investees will submit gender-related metrics as part of monitoring and reporting:
- Report biannually on GAP implementation progress
 - Quarterly reviews by MERF on gender milestones
 - Annual impact metrics report by investees
- Please see Annex 8 “Gender Assessment & GAP”

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

Financial Management

141. Section B.4 “Implementation Arrangements” presents the contractual relationship among Deutsche Bank as AE, Vision Growth Ltd. (Adviser), Mekong One Earth Capital Partner Sarl (GP), Mekong Earth Regeneration Fund SCSp (the Partnership), Innpact Fund Management S.A (the AIFM) and portfolio companies. The detailed provisions governing financial management of GCF resources by the AE will be described in the Funded Activity Agreement (FAA). In addition, the AE will enter into a Subsidiary Agreement with the General Partner (GP) to cascade relevant FAA obligations to the Executing Entities, ensuring that the Executing Entities will have responsibility for programme implementation and reporting obligations to the GCF. The AE will report periodically to the GCF the following information, among others:
- The amounts committed to date by the MERF, by country and sub-investment;
 - The remaining amount on different GCF accounts;
 - A provisional disbursement schedule on a one-year rolling horizon.
142. The reporting timelines for these reports will be reflected in the Term Sheet and FAA.
143. The AE will review and provide oversight over the EE’s KYC/due diligence processes, including anti-money laundering and other evaluations for investors, vendors and the investee companies. The EE will also be responsible for risk monitoring associated with the fund and its investments. The AE will review and provide oversight over the annual audits carried out by the EE and its monitoring framework for transactional activities relating to disbursement of funds for new investments and financial transfers when exiting investments. MERF financial statements will be prepared in accordance with international accounting standard.

Disbursement

144. Disbursement from GCF to the MERF Investment Facility will be consistent with the FAA and Term Sheet. These will be subject to the fulfilment of all conditions precedent. Disbursement by the MERF to investee companies will follow the procedures and requirements described in the Term Sheet.

Procurement

145. The procurement of Goods and Services for Funded Activities, shall be done in accordance with Vision Growth Ltd.’s procurement rules, policies and procedures, which are consistent with international procurement standards. The procurement manual outlines the processes and procedures for each procurement method, as well as their applicable thresholds. Please see Annex 10 for the detailed procurement plan for the programme.

¹⁷ Gender Policy adopted by the Board in decision B.24/12

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.

F. 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 (please specify – e.g. Resettlement Action Plan, Resettlement Policy Framework, Indigenous People’s Plan, Land Acquisition Plan, etc.)
- 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)¹⁸
- Annex X Other references

¹⁸ Annex 22 is mandatory for mitigation and cross-cutting projects.



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

No-objection letter issued by the national designated authority(ies) or focal point(s)



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Agriculture and Environment
Department of Planning and Cooperation

1375

No. /DOPC. MAE

Vientiane Capital, Date:

26 MAR 2026

Ms. Mafalda Duarte
Executive Director
Secretariat of the Green Climate Fund
15, Art center-daero/
Yeonsu-gu, Incheon 406-840
Republic of Korea

Re: No-objection letter in respect of the funding proposal titled "Mekong Earth Regeneration Fund" submitted by Deutsche Bank AktienGesellschaft AG

Dear Madam, Sir,

We refer to the funding proposal titled "Mekong Earth Regeneration Fund" in Cambodia, Lao People's Democratic Republic and Viet Nam, submitted by Deutsche Bank AktienGesellschaft AG to us on January 20, 2026 (the "Proposal").

The undersigned is the duly authorized representative of Ministry of Agriculture and Environment, the national designated authority of Lao People's Democratic Republic

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.

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

- (a) The government of Lao People's Democratic Republic has no-objection to the Proposal; and
- (b) The Proposal is in conformity with the national priorities, strategies and plans of Lao People's Democratic Republic.

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

Notwithstanding the foregoing, we expect Deutsche Bank AktienGesellschaft AG to take the necessary measures to ensure that the programme [and its sub-projects] as described in the Proposal are 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,



Dr Boundeth Southavilay
Director General
National Designated Authority of Lao PDR



**MINISTRY OF FINANCE
SOCIALIST REPUBLIC OF VIET NAM**

To: The Green Climate Fund (“GCF”)

Hanoi, 26 March, 2026

Re: No-objection letter in respect of the funding proposal titled “Mekong Earth Regeneration Fund” submitted by Deutsche Bank AktienGesellschaft AG

Dear Madam, Sir,

We refer to the funding proposal titled “Mekong Earth Regeneration Fund” in Viet Nam, submitted by Deutsche Bank AktienGesellschaft AG to us on January 23, 2026 (the “**Proposal**”).

The undersigned is the duly authorized representative of the Ministry of Finance, National Designated Authority/focal point of Viet Nam.

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 focal point, we hereby communicate our no-objection to the Proposal.

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

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

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

Notwithstanding the foregoing, we expect Deutsche Bank AktienGesellschaft AG to take the necessary measures to ensure that the programme [and its sub-projects] as described in the Proposal are 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,



Hoàng Hai
GCF NDA
Ministry of Finance
Viet Nam

Environmental and social safeguards (ESS) report disclosure form

Basic project or programme information	
Project or programme title	Mekong Earth Regeneration Fund (MERF)
Potential sub-project(s) anticipated after GCF Board approval	Yes
Sector (public or private)	Private
Accredited entity	Deutsche Bank AktienGesellschaft AG
Environmental and social safeguards (ESS) category	Category I-2
Location – specific location(s) of project or target country or location(s) of programme	Lao PDR and Viet Nam
Safeguard Documents: Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plans (ESMPs), Environmental and Social Management System (ESMS), Environmental and Social Due-Diligence (ESDD) report, Land Acquisition and/or Resettlement Action Plan (LARAP), Indigenous Peoples Plan (IPP), Indigenous Peoples Planning Framework (IPPF), Resettlement Action Plan (RAP), Resettlement Policy Framework (RPF) etc. (as applicable)	
Date of disclosure on entity's website	Friday, May 29, 2026
Language(s) of disclosure	English, Lao, Vietnamese
Explanation on language	Lao is an official language of Lao PDR Vietnamese is the official language of Viet Nam.
Link(s) to disclosure	<p style="text-align: center;">Environmental and Social Management System (ESMS)</p> <p>English: https://www.mekongcapital.com/wp-content/uploads/2026/04/MERF-ESMS EN disclosure-version.pdf Lao: https://www.mekongcapital.com/wp-content/uploads/2026/05/MERF-ESMS disclosure-version Lao clean.pdf Vietnamese: https://www.mekongcapital.com/wp-content/uploads/2026/05/MERF-ESMS disclosure-version VN.pdf</p> <p>* The Indigenous Peoples Engagement Framework (IPPF), Land Acquisition & Involuntary Resettlement Framework (LAIRF), and the Biodiversity and Sustainable Natural Resources Management Framework (BMF), are included in the ESMS.</p>
Other link(s)	Deutsche Bank Singapore Website
Remarks on compliance with GCF policies	ESS reports consistent with the requirements for a Category I-2 programme are contained in the documents above.
Disclosure in locations convenient to affected peoples (stakeholders)	
Date(s)	Friday, May 29, 2026
Place(s)	Printed versions of the ESMS will be available at the following locations: Vietnamese: Mekong Capital Sonatus Building, 25 th Floor, 15 Le Thanh Ton Street Sai Gon Ward Ho Chi Minh City Vietnam

	Lao: DFDL (Lao) Sole Co., Ltd. Visaya Office Building, 4th Floor, 249 Lao-Thai Road Vatnak Village, Sisattanak District Vientiane Lao PDR
Date of Board meeting in which the FP is intended to be considered	
Date of entity's Board meeting	N/A
Date of GCF's Board meeting	Monday, June 29, 2026

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

Independent Technical Advisory Panel's assessment of FP307

Proposal name:	Mekong Earth Regeneration Fund (MERF)
Accredited entity:	Deutsche Bank AG
Country/(ies):	Lao People's Democratic Republic, Viet Nam
Project/programme size:	Medium

I. Assessment of the independent Technical Advisory Panel

1.1 Overview

1. The Mekong Earth Regeneration Fund (MERF) de-risks and crowds-in private capital to address adaptation and mitigation challenges across the agriculture, forest and land-use sector in the Lower Mekong Region (LMR). The project intends to tackle climate risks and hazards in the agriculture, forest and land-use sector such as extreme weather events, drought, lower crop productivity due to increases in temperature, and, for Viet Nam, flowing and saline intrusion from rising sea levels.
2. The Lao People's Democratic Republic and Viet Nam are situated in the LMR and are exposed to high climate vulnerability threatening agricultural productivity. Investments of the project have as an objective the incentivization of low-emissions and resilient inputs, practices and technologies. The targeted sectors are agriculture and agricultural inputs, small-scale aquaculture, rice and other commodity crops, forestry, timber and non-timber forest products.
3. GCF support allows for the mobilization of increased private investment through de-risking of investments of senior non-concessional investors which invest capital in MERF. The project then follows a value-chain approach by enabling for equity investments in companies that supply inputs to and buy produce from smallholder farmers. The equity investment and the technical and managerial support of MERF enhance the invested companies' ability to provide technical assistance and inputs for the smallholder farmers to implement climate-resilient agricultural practices.
4. The project has a mitigation and an adaptation impact. Project investments contribute to transitioning farmlands from conventional to organic and regenerative practices. Mitigation impacts are achieved inter alia through increases in forestry coverage, perennial crops, mangrove conservation and restoration, and biochar application. These approaches improve soil health, water retention and ecosystem resilience to climate extremes.
5. Total financing for the project is USD 200 million of which USD 50 million is GCF equity contribution and USD 150 million is equity contribution as co-finance. GCF finance is USD 25 million in senior equity investments and USD 25 million in junior equity investments. Co-finance is distributed as USD 130 million in senior and USD 20 million in junior equity. Around 60 per cent of co-finance is expected from public sources (multilateral development banks and development finance institutions) and 40 per cent from private sources. The project has a 12-year lifespan with a disbursement period of five years.
6. The accredited entity (AE) is Deutsche Bank. Deutsche Bank will undertake the monitoring and supervision of the executing entities (EEs) on a remote basis. The EEs are Vision

Growth, the investment adviser of the MERF, together with the general partner – Mekong One Earth Capital Partner. Mekong Capital has more than 24 years of investment management experience in Viet Nam raising and managing five investment funds with committed capital of more than USD 490 million.

1.2 Impact potential

Scale: Medium to high

7. The agriculture sector employs around 70 per cent of the labour force in the Lao People's Democratic Republic and 40 per cent in Viet Nam. Agriculture-related emissions accounted for around 24 per cent of total emissions in the Lao People's Democratic Republic and 15 per cent in Viet Nam. The LMR region is most at risk of floods, drought and heatwaves. The Lao People's Democratic Republic has a high dependence on the climate-sensitive sectors of agriculture and natural resources (forests), combined with low adaptive capacity. Viet Nam has been listed by the World Bank as one of the five countries that will be worst affected by climate change. Viet Nam's extensive coastline means the country has significant exposure to tropical cyclones. In addition, Viet Nam has extremely high exposure to flooding, including, riverine, flash and coastal flooding.

8. The project claims an adaptation impact of 246,000 direct and 33,000 indirect beneficiaries. The total number of direct and indirect beneficiaries represents 0.3 per cent of the total population. The greenhouse gas (GHG) mitigation impact is estimated at 8.5 million tonnes of carbon dioxide equivalent (Mt CO₂ eq) over the lifespan of the investment period of 12 years and 15.3 Mt CO₂ eq over the projected lifespan of the investment activities.

9. Through project investments, smallholder farmers benefit indirectly through invested companies via: (i) technical training and capacity-building to adopt climate-resilient and regenerative agricultural practices; (ii) input and advisory support, including access to improved seeds, farming techniques and climate information; and (iii) certification support enabling participation in higher-value markets. As an equity fund, MERF deploys capital primarily into agribusiness enterprises, which in turn work with and impact smallholders indirectly. This provides for a multiplier effect and increases impact.

10. Adaptation measures directly or indirectly financed by the project are related to agricultural producers and companies that demonstrate material adoption of climate-smart practices. Proposed adaptation measures include investments in regenerative agriculture models that regenerate and enrich the soil (reduce chemical use, efficient use of water, intercropping, reduce tilling, cover crops, etc.), and protect landscapes from landslide (floods), erosion, leaching, etc., as well as investments in agriculture products such as climate-resilient coffee, bamboo, mangrove, seaweed, etc., adapted to extreme events and with increased production yields. Additionally, in Viet Nam investments are proposed in mangrove preservation and replantation models that protect wetland areas thereby reducing the climate risk of rising sea levels.

11. Mitigation measures directly or indirectly financed by the project tackle the GHG emission sources of deforestation and land degradation and synthetic fertilizer usage. Proposed mitigation interventions include investments in sustainable forestry, regenerative agricultural models, agroforestry such as agroforestry coffee practices, the development of plantations on degraded land, investments in precision agriculture reducing fertilizer usage or investments in the production of biofertilizer and agriculture inputs such as biochar or compost.

12. Mitigation as well as adaptation impacts are, as is common in projects, calculated based on an indicative project pipeline subject to changes and are, as such, highly indicative. The impact depends on invested project types as, for example, forestry and agroforestry projects

tend to generate significantly greater net reductions than other forms of agricultural crop production.

13. Direct beneficiaries are defined as individuals who engage directly with project-supported companies and receive an adaptation benefit. This includes farmers who supply portfolio companies, value-chain actors who receive increased business from portfolio companies and value-chain actors who receive technical assistance from MERF or portfolio companies. All household members are counted. The project assumes that two-thirds of farmers engaged by MERF portfolio companies will adopt climate-resilient practices and achieve climate-related benefits.

14. Indirect beneficiaries are defined as people who experience benefits without engaging directly with MERF portfolio companies. The project estimates that every direct beneficiary farmer is neighbored by two to three farmers, who can potentially experience positive outcomes from their neighbours. It is then estimated that 20 per cent of the neighbouring farmers to the direct beneficiaries experience positive outcomes.

15. Mitigation impacts were calculated based on an initial project pipeline using the EX-Ante Carbon-balance Tool (EX-ACT) developed by the Food and Agriculture Organization of the United Nations (further details, see annex 22 to the funding proposal). The tool is focused on the effects of interventions in agriculture, forestry and land-use on GHG emissions and carbon stock changes. A deduction of 30 per cent was made to account for potential leakage or reversals from forest management, agroforestry and mangrove protection and restoration activities. The GHG mitigation potential used in the funding proposal is over the 12-year investment period and not over the 20-year lifetime of invested activities.

16. A reduced participation of project types with a high GHG impact will result in lower-than-expected GHG impacts. Forestry and mangrove projects have a higher impact than other projects by a factor of 5–10. This risk is common in projects that base their calculations of impacts on an indicative project pipeline, which is potentially skewed towards examples that show a high project impact, thereby justifying GCF funding.

17. A significant risk of lower-than-expected mitigation and resilience impacts derive from a partial implementation of climate measures by smallholder farmers. For example, one of the pipeline projects includes low-methane rice production methods in its GHG emission calculations, but the farmers could also produce and market organic rice (the targeted product) without low-methane production methods. During discussions with the independent Technical Advisory Panel (iTAP), when this was raised, the AE responded that climate measures will be incorporated as investment conditions in the investment agreements. However, this does not prevent a partial implementation of measures with the corresponding reduced impact.

18. The impact of the project will occur indirectly through invested companies which work with smallholder farmers. The same farmers and companies might also work with other projects assisting them in climate-smart measures. For example, the GCF-supported project with the International Fund for Agricultural Development project, FP250 titled “Achieving emission reduction in the Central Highlands and South Central Coast of Viet Nam to support National REDD+ Action Project goals (RECAF)”, which focuses primarily on farmers and cooperatives, while MERF focuses mainly on value-chain businesses operating in these sectors. In the Lao People’s Democratic Republic, the GCF-supported project FP200 titled “Scaling up the implementation of the Lao PDR Emission Reductions Project through improved governance and sustainable forest landscape management (Project 2)” with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), as one of the EEs, works together with local communities to promote climate-resilient forests and landscapes. It is recognized that MERF with its company focus is complementary to many other projects in this sector but double-counting of resilience and GHG mitigation impacts can occur if more than one climate-finance project is working with the same farmers. The same is true if the engaged farmers or communities are

involved in carbon market projects. To avoid such double-counting it is recommended that the monitoring system includes the monitoring of other climate-relevant engagements of the invested companies and the involved farmers.

19. The actual impact will depend to a significant extent on how MERF will: (i) manage potential trade-offs between investments in companies with high profitability versus low climate-impact in comparison to companies with high climate impacts but moderate profitability; (ii) monitor the implementation of climate targets of invested companies and the associated farmers; and (iii) enforce corrective action measures in case of incomplete adherence to agreed-upon climate measures of invested companies. MERF has administrative procedures in place and also ensures that staff with climate expertise will have an important role. All investments need environmental and social (E&S) clearance as a condition for investment committee submission and approval. Mekong Capital has also made the decision to add a senior climate expert as a voting member of the MERF Investment Committee. The procedures in place give the iTAP a certain level of comfort. However, this is the first fund managed by Mekong Capital with a climate focus and as such the EE does not have a track record which can showcase that climate will be at the forefront of decision-making. Giving a Climate/E&S Manager veto power on investments which do not have a sufficiently positive climate impact would reduce the risk of limited climate impacts. Also, a stronger engagement of Deutsche Bank in vetting the climate impacts of investments would be considered as positive.

20. The project also envisions but has not secured a USD 6 million technical assistance facility (TAF). The TAF is designed to complement MERF by enhancing the reliability and scalability of impact. It is intended to be financed through grant funding from public and private institutions, including development finance institutions, non-governmental organizations, and foundations. The iTAP considers that the TAF plays an important albeit non-prerequisite role in ensuring a strong climate impact. Mekong Capital has in the past also tapped alternative channels for technical assistance. The iTAP would have preferred if the TAF could have been secured at least partially prior to project endorsement. GCF could have contributed to the TAF with a grant, as is also commonly performed in other projects.

21. Appropriate monitoring of the achieved impact in terms of resilience and mitigation is critical to ensure that investments achieve their desired impact and realize corrections during project implementation by avoiding investments with low impact and strengthening those with high impact. MERF will monitor and evaluate the compliance of investee companies on a regular basis, including investment-level reporting, and periodic supervision visits by an internal team or external experts. During discussions with the iTAP, Mekong Capital also stated that during inception stage MERF will hire a GHG calculation expert, while other MERF staff will undertake further training to use EX-ACT and similar tools to monitor, verify and report GHG mitigation.

22. Overall, the calculation is considered by the iTAP to follow standard GCF practice. GHG mitigation calculations include a deduction factor for potential leakage and impacts are calculated conservatively over the project investment period. However, there are some non-standard practices that result in a significant potential for actual impacts to fall short of projected ones: (i) the attribution of the full GHG impact of measures to the GCF-financed components; (ii) the risk of actual investments not being aligned with the pipeline, which includes various high GHG impact investments; (iii) the risk of only partially implemented measures at the farmer level; and (iv) the risk of double-counting of impacts. Compared to other GCF-funded projects the calculations are robust. However, the iTAP still considers them to be on the optimistic side and a conservative approach would result in significantly lower expected impacts.

23. Overall, the iTAP considers the impact potential as medium to high.

1.3 Paradigm shift potential

Scale: Low to medium

24. The MERF provides a model for investment in sustainable agriculture, forest and aquaculture production. It thereby helps to reduce the barriers for commercial investment in this sector across the LMR. Other investors could apply the principles of MERF to other sectors within the target countries, or else to similar sectors in other countries in the LMR.
25. The project envisages that scaling up could occur by attracting further capital, by replication of the MERF strategy in other sectors or countries or by application of the MERF principles to other sectors or countries.
26. While theoretically MERF can be scaled up and replicated, in practice the project does not offer a clear pathway as to how this will be enabled and promoted (i.e. it relies basically on the hope that successful actions will in themselves be copied). This has been, with limited success, the working hypothesis of development projects for decades and there are no compelling reasons to believe that this project will yield different results.
27. It is not expected that MERF, being a private for profit fund, will openly disclose success and failure factors. As such its published environmental, social and governance reports are considered to have limited replication potential.
28. As mentioned, the project plans to establish a TAF. The existence of such a TAF with clear responsibilities not only in technical assistance to investee companies but also in the communication and spreading out of results, lessons learned and best practices would have made the claim of replication more credible.
29. Based on the above points, the iTAP considers the paradigm shift potential of the project to be low to medium.

1.4 Sustainable development potential

Scale: Medium to high

30. The project is potentially aligned with several Sustainable Development Goals (SDGs): SDG 2 (Zero hunger), SDG 5 (Gender equality), SDG 10 (Reduced inequalities), SDG 12 (Responsible consumption and production), SDG 13 (Climate action), and SDG 17 (Partnerships for the goals).
31. Environmental co-benefits are related to climate-resilient agrifood systems, including organic farming and reduced fertilizer use, reduced nitrogen and chemical run-off, efficient water usage, sustainable land-use with less post-harvest loss, and reduced pressure on land. On the mitigation side, environmental co-benefits are related to farmers implementing practices that reduce, avoid or sequester carbon in the agriculture, forestry and land-use sectors.
32. Economic benefits are achieved through investing in businesses that will improve the incomes of farmers and industries in the host countries. Farmers can improve their incomes, for example through improved efficiency using fewer input materials, increased productivity and yields, and improved sales prices of agricultural products through, for example, selling certified products. Invested companies can improve their profitability and secure new markets.
33. Social benefits are realized through the creation of green jobs and by improving the livelihood of farmers by increasing crop productivity (through the adoption of climate-smart agriculture) and incomes, resulting in enhanced quality of life. Food supply is not directly enhanced by the project which focuses on cash crops. However increased farmer income can potentially result in an increased demand for food and/or higher quality of food supplies.
34. MERF intends to apply a gender-lens approach throughout its investment process. It supports companies to adopt binding targets for improving gender equity, with a goal that 50

per cent of investments will be aligned with 2X Criteria¹. Given that investments are not identified at this stage, this target is aspirational. It is expected that at least 45 per cent of smallholder farmers supported by MERF investee companies will be women.

35. Overall, the project's sustainable development potential is considered by the iTAP to be medium to high.

1.5 Needs of the recipient

Scale: Medium to high

36. The Lao People's Democratic Republic and Viet Nam are vulnerable to climate change – the World Bank has ranked Viet Nam among the top five countries most vulnerable to climate change. A large share of the workforce of both countries labour in the agriculture sector and their livelihoods are exposed to climate threats. The agriculture sector is also a major emitter of GHGs in both countries.

37. Rural populations in the two countries lack financial resources and business capacity to undertake mitigation and resilience measures on their own due to high upfront costs and long payback periods. Local lenders are risk-averse and unwilling to provide meaningful amounts of capital without adequate collateral. GCF equity investment is required to overcome various barriers facing stakeholders in this sector blocking faster climate actions.

38. The private-sector approach based on equ2ity investments will not cause further fiscal strains on the national as well as the firm levels. This is especially relevant for the Lao People's Democratic Republic as a least developed country with limited hard currency reserves.

39. At the company level, commercial lenders are unwilling to provide patient capital especially to smaller agricultural companies. The project does not crowd out private capital as it focuses on equity financing while conventionally only debt is provided to agribusinesses in the LMR. Agribusinesses in the region are often already overleveraged, making additional debt both unsustainable and misaligned with the businesses long-term growth needs. Equity capital is therefore critical to enable long-term investment in climate-resilient and regenerative practices and to provide for further growth.

40. The project works in countries and in a sector of the economy which is significantly affected by climate change and deploys an instrument of equity investment which does not further stress national finance and does not crowd out other private financial flows. The iTAP therefore considers the recipient's need to be medium to high with an adequate approach used by the project to satisfy these needs.

1.6 Country ownership

Scale: Medium to high

41. The no-objection letters of the Lao People's Democratic Republic and Viet Nam have been provided.

42. The project is aligned with the nationally determined contributions, the national adaptation plans, and REDD+ project strategies and objectives. The nationally determined contributions and national adaptation plan or national adaptation project of action to climate change of the Lao People's Democratic Republic and Viet Nam emphasize the need for the uptake of low-emission, climate-resilient agriculture and sustainable aquaculture, as well as private-sector investment to bridge the funding gap.

¹ 2X Criteria is a set of assessment criteria developed by 2X Global for the "2X Challenge" - a call to action to shift more capital towards investments that empower women in developing countries to have access to entrepreneurship and leadership opportunities, quality jobs, and products and services that enhance their economic participation.

43. The national designated authority of the Lao People's Democratic Republic urged the project to carefully conduct due diligence assessments on land rights before making investments as many companies have overlapping claims on the same land. Land-rights due diligence must therefore be thorough, and in consultation (with the support of) the Ministry of Agriculture and Environment. The AE confirmed during the question-and-answer process with the iTAP that due diligence assessments will be conducted against recognized international standards and frameworks, including the selection of appropriate advisers on due diligence and consultation with all stakeholders in any land expansion activity. MERF noted that it has already identified appropriate non-governmental organizations and advisers in the Lao People's Democratic Republic who have a strong track record of conducting such consultations, not only at provincial and ministerial levels but also at community and village levels. Investments classified as high E&S risk (category A), including those involving severe/unresolved land-rights conflicts are excluded from consideration.

44. The project held initial discussions with a variety of stakeholders in the Lao People's Democratic Republic and Viet Nam to incorporate their feedback into the design of the project. The main groups of stakeholders involved include potential investors/donors/grant givers, potential investees, partner farmers and regulatory bodies/local authorities. Stakeholder engagement took place between 2023 and 2026 both virtually and in person.

45. The project has formulated a detailed stakeholder engagement strategy which shall be implemented once the project is operational. At this stage, stakeholder engagement will become more project-specific, involving dialogue with those stakeholders directly involved in or affected by proposed activities.

46. The iTAP assesses country ownership as medium to high.

1.7 Efficiency and effectiveness

Scale: High

47. MERF is planned to contain a blended finance structure with different classes for limited partners categorized by investor type. GCF commits up to USD 25 million in junior equity, capping it at 12.5 per cent of total fund size and up to USD 25 million in senior equity, capping it at 12.5 per cent of total fund size. Co-finance is distributed as USD 130 million in senior and USD 20 million in junior equity. The GCF equity commitment will be disbursed pro rata with the other investors' financing.

48. The target fund size is USD 200 million in equity contribution with a minimum initial capital commitment of USD 80 million. Around 60 per cent of co-finance is expected from public sources (multilateral development banks and development finance institutions) and 40 per cent from private sources. Private investment is basically expected after the first close of MERF (i.e. the first close will include primarily public and concessional finance sources). A target allocation of 15 per cent is given for investments in the Lao People's Democratic Republic without having a minimum fixed investment amount.

49. With the presence of GCF concessional funding, MERF is expected to raise more overall capital, from both public and private investors, in a shorter period of time, enabling faster and larger investments. This results in a larger impact achieved in a shorter period of time. The involvement of the GCF in MERF increases its attractiveness for public and private investors due to the junior equity tranche taken by GCF and the increased fund legitimacy that comes from GCF investment. The first loss protection from GCF only supports private-sector investors not public-sector ones. It gives private-sector investors priority in the return of capital contributions and a preferred return distribution.

50. The general partner commitment will be in the junior tranche, together with the GCF junior commitment. Senior investors (including 50 per cent of the GCF funding, which is a senior

investment) will receive investment principal and profit distribution before the general partner. In terms of distribution, senior investors will receive principal payment first, then junior investors will receive principal payment, followed by the hurdle rate for senior investors and then junior investors. Therefore, there is no scenario where any investors will receive the hurdle rate before all investors get back their investment principal.

51. GCF financing of USD 50 million will mobilize USD 150 million of private and public investment. The total co-financing ratio of GCF investment is 1:3.

52. The iTAP considers the risk sharing approach of the project as appropriate. GCF provides 56 per cent of junior capital and is thus not the only provider of first loss capital. Tenors between junior and senior capital are aligned.

53. MERF will invest in significant minority shares of the portfolio companies, secure a Board seat on the investee companies, and provide advice to them on value creation to support growth. The pipeline companies of MERF will undergo due diligence, including commercial, climate-impact assessment, and environmental and social impact assessment. The ticket size will be USD 5-30 million capped at a maximum of 15 per cent of the fund's size. The average invested amount is estimated at around USD 13.5 million. Investments are typically deployed in multiple tranches. The estimated gross internal rate of return of the fund investment is projected at 16 per cent.

54. While MERF provides equity to agribusinesses to absorb certain costs such as international sustainability certifications, supplying specialized climate-resilient seedlings, and providing ongoing agronomic training, it does not act as a direct retail micro-lender. Consequently, business-as-usual financing gaps for daily operational costs, labour and standard land preparation remain largely on the shoulders of the farmers, who historically struggle to access formal credit. If these residual funding gaps are not addressed in a timely fashion, farmers may lack the initial capital to plant or maintain their crops potentially causing the agricultural value chain production to be delayed or entirely disrupted, thereby undermining the efficiency, effectiveness and the long-term paradigm-shifting potential of the investee companies' climate initiatives. It is therefore recommended that the MERF TAF partners with local financial institutions to demonstrate how investee companies' climate-smart agricultural interventions reduce lending risk through guaranteed offtake, premium pricing, training, resilient seeds and advance payments. This turns farmers into secure, bankable borrowers, allowing financial institutions to confidently cover the remaining operational costs.

55. Mekong Capital is a leading private equity fund manager in Viet Nam with over 24 years of experience and current assets under management of nearly USD 400 million. It has raised and managed five investment funds with committed capital of USD 490 million.

56. Based on 60 per cent of the finance used for adaptation and the number of beneficiaries, the GCF cost per direct beneficiary is around USD 120 which is a relatively high value. Based on 40 per cent of the finance used for mitigation, the GCF cost per t CO₂ eq avoided is around USD 2 which is a very low figure.

57. The overall iTAP assessment of the project's efficiency and effectiveness is high.

II. Overall remarks from the independent Technical Advisory Panel

58. The iTAP recommends that the Board approve this funding proposal.

59. The project is well-designed and responds to an important climate problem in the Lao People's Democratic Republic and Viet Nam. The project focuses on companies that supply inputs to and buy produce from smallholder farmers providing patient equity investment to allow for increased growth of companies and the implementation of climate-resilient

agricultural practices. Moreover, Mekong Capital as fund manager has a long and successful track record with private capital funds in Viet Nam.

60. Notwithstanding its overall endorsement of the proposal, the iTAP recommends that the Secretariat explore, in consultation with the AE, the following measures:

- (a) Ensure power of a Climate/E&S Manager to veto investments which do not have a sufficiently positive climate impact. A strong engagement of Deutsche Bank and external parties in vetting the climate impacts of investments would be considered by the iTAP as positive;
- (b) Ensure that the monitoring of investments includes an assessment of potential double-counting of GHG mitigation and adaptation impacts, including receiving financial and technical assistance from other climate-finance sources by the same investee/farmer and/or participation of the investee/farmer in carbon market activities.
- (c) Support the project in ensuring technical assistance grant funding, directing it, at least partially, to activities that can foster replication and scaling of MERF activities.

Response from the accredited entity to the independent Technical Advisory Panel's assessment (FP307)

Proposal name:	Mekong Earth Regeneration Fund (MERF)
Accredited entity:	Deutsche Bank AG
Country/(ies):	Lao People's Democratic Republic, Viet Nam
Project/programme size:	Medium

Impact potential

The AE appreciates the iTAP's detailed assessment and acknowledges the risk of lower-than-expected climate impacts due to partial implementation, which will be closely monitored across all investments. The potential double counting issue is also recognized; the AE and EEs will coordinate with other climate initiatives to identify overlaps and apply appropriate baseline adjustments and deductions in case of overlap. In line with iTAP recommendations, the Fund's E&S Manager will have veto authority over investments that do not have a sufficiently positive climate impact. The AE will provide additional support in vetting climate impacts of investments.

Paradigm shift potential

The AE notes the iTAP comments regarding "Paradigm shift potential". Replication is enhanced by the strong private sector focus, involving agribusinesses and smallholder cash crop producers. Commercial actors have a strong incentive to copy successful practices, and our thesis is that climate-smart production is commercially good for business. This is a fundamentally different approach than historical development projects.

The EEs have a demonstrated ability to communicate lessons learned and best practices, and have committed publicly to encourage adoption, replication and scale-up. The AE will intensify fundraising for the TAF, providing an additional mechanism to support sustainability and scale.

Sustainable development potential

The AE notes with thanks the assessment and overall positive feedback from the iTAP on the "Sustainable development potential" of the Programme.

Needs of the recipient

The AE appreciates the detailed comments and acknowledgement from the iTAP of how the Programme addresses the "Needs of the recipient".

Country ownership

The AE notes the assessment and comments provided by the iTAP and acknowledges the concerns raised by the National Designated Authority of Lao PDR regarding land rights. The AE will ensure that rigorous land-rights due diligence is systematically conducted for all

investments, in accordance with recognized international standards and through consultations with relevant stakeholders.

Efficiency and effectiveness

The AE appreciates the positive feedback and detailed comments from the iTAP on the “Efficiency and effectiveness” of the Programme.

Overall remarks from the independent Technical Advisory Panel:

The AE appreciates the iTAP for its positive assessment and constructive recommendations. The AE acknowledges the importance of strengthening governance and monitoring mechanisms to ensure robust climate impacts.

In line with recommendation (a), the AE confirms that the Fund’s E&S Manager will be granted veto authority over investments that do not have a sufficiently positive climate impact. In addition, the AE will review and validate the climate impact of proposed investments.

Regarding recommendation (b), the AE acknowledges the risk of potential double counting of mitigation and adaptation impacts. To address this, the AE and EEs will implement robust monitoring and reporting systems and actively engage with other GCF and climate-finance initiatives to identify potential or actual overlaps. Appropriate baseline adjustments and deductions will be applied to ensure that reported impacts remain conservative and credible.

With respect to recommendation (c), the AE recognizes the critical role of the Technical Assistance Facility (TAF) in enhancing impact quality and scalability. The AE and EEs will intensify efforts to mobilize grant funding for the TAF and prioritize the allocation of resources toward activities that support replication and scaling of successful models.

MERF'S GENDER ACTION PLAN

IMPACT STATEMENT: IF investments and support are provided to MERF's companies involved in regenerative agricultural practices and sustainable land-use sectors, THEN these companies will be able to integrate gender-mainstreaming practices, including increasing women's participation in the workforce and across commodity value chains, thereby contributing to longer-term women's economic empowerment and socially inclusive production systems, BECAUSE such investments will incentive companies to embed gender outcomes into their business models, align with global gender equality commitments and deliver measurable gender co-benefits.

OUTCOME STATEMENT: Capital deployed with a gender lens leads to increased capacity of MERF's portfolio companies to engage women beneficiaries meaningfully, to hire and retain women employees at all levels, to support women in leadership roles, and to create gender inclusive and safe and enabling workplaces where women can thrive.

Co-benefits of the programme: The MERF will lead to increased financial and social inclusion for women and vulnerable groups.

MERF Gender Objectives:

- Reach women beneficiaries through increasing women's participation at all levels of the workforce and in agricultural commodity value chains
- Ensure high E&S standards and compliance, including SEAH and GBVH risk identification and mitigation
- Support portfolio companies to align with industry standards and influence portfolio to adopt gender inclusive business practices
- Align with 2X Challenge and reach 50% of the MERF portfolio to be 2X aligned by the end of the Fund's time
- Generate and disseminate knowledge about best practices for women's engagement in the sustainable land use sectors in the Lower Mekong River Basin

Gender-related Activities	Indicators and targets	Timeline	Responsibilities	Costs
1. Gender-mainstreaming in MERF's strategy				
1.1 MERF has developed a gender lens investing strategy at MERF level aligned with GCF Gender Policy, to promote gender equality and women's empowerment at MERF level and activities funded by MERF and to integrate gender considerations including GBVH/SEAH risk assessment, mitigation, and management into the investment process, from sourcing to portfolio engagement and exit.	MERF gender lens investing strategy deployed	1 st year after MERF operationalization and ongoing afterwards	E&S Person-in-charge of MERF	Staff time (included in management costs)
1.2 MERF conducts gender awareness arising and training activities for MERF's individuals, especially those involved in sourcing and pipeline development activities, decision making, investment execution, and portfolio management.	Percentage of MERF's members attending gender-awareness training Target: 100% of MERF's members attending gender-awareness training activities	1 st year after MERF operationalization and ongoing upon staff recruitment	E&S Person-in-charge of MERF	USD 10,000 for the first year and staff time for ongoing training activities later on
1.3 MERF develops and continuously strengthen a monitoring and evaluation (M&E) system to collect and monitor gender mainstreamed data at the fund level and at the activities funded by it, as well as enable reporting on gender-mainstreamed outcomes to relevant stakeholders	A M&E system integrating gender indicators, gender-disaggregated data at fund level and portfolio level. Target: Completion of a M&E system integrating gender indicators, gender-disaggregated data	1 st year after MERF operationalization and ongoing during the program duration	E&S Person-in-charge of MERF	No cost required, part of MERF's impact measurement and evaluation
2. Gender consideration in the investment decision-making				
2.1 For any potential investments, a	Percentage of investments	Year 1-5 (i.e.,	E&S Person-in-	USD 10,000 for

Gender-related Activities	Indicators and targets	Timeline	Responsibilities	Costs
<p>thorough due diligence assessment process is carried out, including gender assessment, covering gender analysis, GBVH/SEAH risks assessment to inform Gender Action Plan (GAP) to address gender issues, mitigate gender-related risks, as well as promote gender mainstreaming within the context of the investment, in alignment with MERF's Gender Policy, ESMS, IMM, GCF Gender Policy and good international frameworks, such as 2X Challenge criteria</p>	<p>undergo due diligence that incorporates gender considerations.</p> <p>Target: 100% of investments undergo due diligence that incorporates gender considerations</p>	<p>investment period), during the pre-investment assessment phase of each investment</p>	<p>charge of MERF</p>	<p>each gender-related due diligence, as a part of the due diligence process.</p> <p>Part of management costs.</p>
<p>2.2 All portfolio companies are required to commit to the MERF's E&S Requirements, agree on a tailored E&S Action Plan (ESAP), which includes GAP, and implement the respective ESAP and GAP during the investment holding period.</p> <p>The ESAP is incorporated into legal agreement between MERF and the respective portfolio companies. MERF will monitor the compliance and performance at portfolio level annually during the investment holding period.</p>	<p>Number of ESAPs including GAP developed</p> <p>Target: 100% of investments made by MERF have an ESAP including GAP</p> <p>Number of portfolio companies undergo annual reviews by MERF that include monitoring of GAP</p> <p>Target: 100% of portfolio companies undergo annual monitoring audits by MERF that include monitoring of GAP</p>	<p>Year 1 – 12 (pre-investment assessment phase and on-going post-investment portfolio monitoring and management)</p> <p>Year 1 – 12 (post-investment portfolio monitoring and management)</p>	<p>MERF & Portfolio Companies</p> <p>Gender-related monitoring review will be conducted as part of the annual E&S review by either MERF's E&S Person-in-charge or an external consultant.</p>	<p>No additional cost required, as part of the due diligence process</p> <p>Implementation of the GAP is funded by the portfolio Company with support from MERF (MERF staff time).</p>
<p>2.3 MERF to positively screen and then support portfolio companies that</p>	<p>Number of the portfolio companies that are 2X</p>	<p>Year 1 – 12 (post-investment portfolio</p>	<p>MERF & Portfolio Companies</p>	<p>MERF staff time and Company's budget</p>

Gender-related Activities	Indicators and targets	Timeline	Responsibilities	Costs
<p>promote gender-mainstreaming practices and deliver gender outcomes. Post-investment support will include:</p> <ul style="list-style-type: none"> • Supporting the implementation of investees' GAPs • Supporting the development and/ or improvement of gender-related policies, procedures • Supporting diversity effort to enhance women in leadership roles • Support diversity effort to enhance inclusive workplace • Strengthening quality job opportunities in the workplace • Strengthening gender inclusion across the value chain • Building capacity in GBVH/SEAH prevention and response • Supporting on-going thematic capacity building on gender-related topics, GBVH/SEAH prevention and response • Strengthening gender data collection and analysis systems 	<p>Criteria-aligned at the end of the Fund's life</p> <p>Target: 50% of the portfolio companies is 2X Criteria-aligned at the end of the Fund's life</p>	<p>monitoring and management)</p>		
<p>2.4 MERF requires portfolio companies to report on gender disaggregated data on a regular basis</p>	<p>Percentage of the portfolio companies report on gender disaggregated data</p> <p>Target: 100% of the portfolio companies report on gender disaggregated data</p>	<p>Year 1 – 12 (post-investment portfolio monitoring and management)</p>	<p>MERF & Portfolio Companies</p>	<p>MERF Staff time, Company's budget</p>

Gender-related Activities	Indicators and targets	Timeline	Responsibilities	Costs
Capture of lessons learned and best practices				
1.2.4 MERF to establish inter-portfolio partnerships and convene portfolio companies to share lessons learned and results achieved with regard to gender-mainstreaming practices and outcomes.	# of convening organised for the portfolio (virtual or in-person) Target: 2	Year 2-12	MERF	Staff time
1.2.5 MERF to develop knowledge products or case studies on gender-lens investing and share lessons with the wider ecosystem investors and companies based on an analysis of portfolio data on impact created on women's engagement and empowerment	# of knowledge products developed and shared (publications or webinars) Target: 1 knowledge product for the whole Fund life	Year 5-12	MERF (with support of Technical Assistance Facility, as appropriate) ¹	Estimated cost: USD 10,000
Total budget for GAP implementation				USD 120,000

¹ Ibid

Annex 8: Gender Assessment

Introduction	1
Methodology	1
Gender Equality and Climate Impacts in the Lower Mekong Basin	1
<i>Overview of the Gender Equality Situation</i>	1
<i>Composite Indices</i>	2
HDI indicators	2
Gender Inequality Index	3
GDI Score and Ranking	4
Women, Business and the Law Index (WBL)	4
<i>Climate change and gender-related vulnerabilities in the Lower Mekong Basin</i>	5
Agriculture	7
Forestry	9
Aquaculture	11
Programme Overview	12
<i>The Mekong Earth Regeneration Fund (MERF)</i>	12
<i>MERF's Gender Approach</i>	13
Mekong Capital's Gender Approach and Track Record	13
MERF's Gender Investing Strategy	14
Alignment with GCF Gender Policy	16
Alignment and Contribution to the Sustainable Development Goals (SDGs)	17
MERF Gender Impact Goal	17
Gender Targets	20
<i>Gender Lens Integration into MERF's Investment Process</i>	21
Approach for the Assessment and Mitigation of SEAH and GBVH	24
<i>Gender-related Support at the Portfolio level</i>	25
<i>Monitoring and Reporting Progress towards Gender Equality</i>	25
Country-level Assessments	27
<i>Vietnam</i>	27
Overview of Gender Equality and Gender Gaps in the Country	27
National Policy Environment and Legal Framework for Gender Equality and Women Empowerment	27

Key Policies on Climate, Agricultural, Forestry Sectors and their Mentions of Gender Equality or Women's Economic Empowerment	29
Key Demographic Trends	30
<i>Lao PDR</i>	43
Overview of Gender Equality and Gender Gaps in the Country	43
National Policy Environment and Legal Framework for Gender Equality and Women Empowerment	44
Key policies on Climate, Agricultural, Forestry Sectors and their Mentions of Gender Equality or Women's Economic Empowerment	45
Key Demographic Trends	46
Conclusions	55

MERF Gender Assessment

Introduction

This document provides an assessment of the barriers and opportunities for advancing gender inclusion in the Mekong Earth Regeneration Fund (MERF). The assessment includes an overview of the key gender-related barriers in the sustainable land use sectors. The assessment also discusses the approach for adopting a gender investing lens into the programme to ensure women's participation and to drive inclusiveness in the forestry and sustainable agriculture sectors and alignment with industry standards. This document outlines key entry points for the MERF, followed by in-country assessments for Lao PDR and Viet Nam. The country assessments provide an overview of the gender equality situation in each country with a particular emphasis on labor force participation in agribusiness and forestry sectors, and gender-specific vulnerabilities in the countries.

Methodology

The gender assessment has been prepared based on the guiding questions listed in the GCF gender guidance documents and templates (notably the Mainstreaming Toolkit) and it is based on the Updated GCF Gender Policy. The gender assessment is based on quantitative data and qualitative evidence derived from a desk review of existing literature and secondary resources. Primary data collection has not been conducted in the preparation of this assessment, given the nature of the Fund and the fact that specific downstream investments have not yet been identified. However, the programme implementation will include country-level consultations and stakeholder engagement with women's groups, women's associations as well as research entities working on gender issues.

Gender Equality and Climate Impacts in the Lower Mekong Basin

Overview of the Gender Equality Situation

The proposed project will target two countries - Lao PDR and Viet Nam, as part of the Lower Mekong River Basin or Lower Mekong Basin (LMB). There are notably several differences amongst the two target countries. While Lao PDR remain one of the region's poorest countries, Viet Nam has rapidly developed. There are some similarities with respect to gender roles and gender-related barriers, but differences exist within each country and sub-regions. All countries have made commitments to advance gender equality and human rights at the policy level and in legislative frameworks. However, customary and discriminatory laws, policies and institutional

practices in these countries create structural barriers to women’s rights, and their ability to benefit from and participation in climate adaptation and mitigation projects.

Despite economic growth in countries like Viet Nam, challenges remain in ensuring inclusive economic development, particularly with regard to gender equality, and narrowing the income gap between the rich and poor. Women continue to form a large majority of the working poor, earn less income, and are more often affected by under- and un-employment and precarious working conditions than men. Women in Viet Nam are principally found in lower paid occupational sectors or in vulnerable employment. In Lao PDR although almost equal to men in labor force participation, women’s average monthly income is just 77% of that of men, are overrepresented in low-skill occupations, and spend a disproportionate amount of time on unpaid family and care work. Nearly half of the workforce is engaged in informal employment, highlighting the significant presence of non-regulated labor activities.

Table 1 Key indicators for the two target countries. Source: World Bank Indicators

	Lao PDR		Vietnam	
	Women	Men	Women	Men
Lower secondary completion rate	50.7%	51.4%	94.1%	96.3%
Adult literacy	66.7%	85.1%	95.1%	97.2%
Labor force participation	61.5%	70.7%	69.1%	78.6%
Political participation (seats held in national parliament)	22%		30.6%	

In the agriculture, forestry and aquaculture sectors different patterns of women’s participation appear across the two countries. The female labor force participation rate in agriculture in Viet Nam is approximately 23.9% (2023), while in Lao PDR the agricultural sector has been ‘feminized’ for decades, with women comprising just over 50% of the population economically active in agriculture. Despite their heavy involvement in agricultural work, however, women face significant and persistent barriers to participating fully in the sector as women have less access to productive resources, education, and skills development and labor market opportunities than men.

Composite Indices

HDI indicators

The Human Development Index (HDI)¹ scores presented here is from the 2023/2024 Human Development Report, released on 13 March 2024². The HDI is a summary measure of achievements in three key dimensions of human development: a long and healthy life, access to

¹ <https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>

² <https://hdr.undp.org/content/human-development-report-2023-24>

knowledge and a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions. A technical note³ describes the data sources, steps to calculating the HDI, and the methodology used to estimate missing values. The HDI data presented here should be treated as indicative, not conclusive. It provides an overview of the relative degree of development in a particular country but remains a ‘synthetic indicator’. Recent research has shown the need to supplement the HDI with other indicators associated with economic and social cohesion, sound development strategies, and sustainability in growth models⁴.

Country	Latest HDI Score (2022)	Rank	Tier
Laos	0.620	139	Medium Human Development
Viet Nam	0.726	107	High Human Development

Gender Inequality Index

The Gender Inequality Index (GII)⁵ reflects gender-based disadvantage in three dimensions, reproductive health, empowerment and the labor market, for as many countries as data of reasonable quality allow. It shows the loss in potential human development due to inequality between female and male achievements in these dimensions. It ranges from 0, where women and men fare equally, to 1, where one gender fares as poorly as possible in all measured dimensions. GII values are computed using the association-sensitive inequality measure suggested by Seth (2009), which implies that the index is based on the general mean of general means of different orders—the first aggregation is by a geometric mean across dimensions; these means, calculated separately for women and men, are then aggregated using a harmonic mean across genders.

GII, however, should be treated as indicative, not conclusive. Pernmayer finds that the functional form of the index could be unclear, particularly the inclusion of indicators of relative performance of women vis-à-vis men, along with absolute women-specific indicators⁶.

Country	Latest GII Score (2022)	Rank	Tier
Laos	0.467	116	Medium Human Development
Viet Nam	0.378	91	High Human Development

³ https://hdr.undp.org/sites/default/files/2023-24_HDR/hdr2023-24_technical_notes.pdf

⁴ See Bilbao-Ubillos, J (2011). “The Limits of HDI” in Sustainable Development, (Vol. 21, No. 6). Journal Article. United Nations Development Programme – UNDP (2018). Human Development Reports, ‘Table I: HDI and its Components’. Website. Accessed online: <http://hdr.undp.org/en/composite/HDI>

⁵ <https://hdr.undp.org/data-center/thematic-composite-indices/gender-inequality-index#/indicies/GII>

⁶ See Pernmayer, I. (2013). “A Critical Assessment of UNDP’s Gender Inequality Index” in Feminist Economics, (Vol. 19, No. 2). Journal article. UNDP (2018). Human Development Reports, ‘Table V: Gender Inequality Index’. Website. Accessed online: <http://hdr.undp.org/en/composite/GII>

GDI Score and Ranking

The Gender Development Index (GDI)⁷ measures gender inequalities in achievement in three basic dimensions of human development: health, measured by female and male life expectancy at birth; education, measured by female and male expected years of schooling for children and female and male mean years of schooling for adults ages 25 years and older; and command over economic resources, measured by female and male estimated earned income. This further reiterates the results of the HDI and GII (also by UNDP), and shows the real gender gap in human development achievements. Geske Dijkstra and Hanmer find that although gender-related development indices have increased attention towards ‘feminization of poverty and underdevelopment’, more robust data needs and indicators are required to create aggregate indices that are sensitive to contemporary trends in gendered privation, particularly with the categorization of ‘women’.⁸

Country	Latest GDI Score (2022)	Group (2022)	Tier
Laos	0.919	4	Medium Human Development
Vietnam	1.007	1	High Human Development

Women, Business and the Law Index (WBL)

According to the World Bank⁹, Women, Business and the Law index (WBL) measures how laws and regulations affect women’s economic opportunity on the scale from 0 to 100, where 100 means equal legal rights for men and women. Overall scores are calculated by taking the average score of each index (Mobility, Workplace, Pay, Marriage, Parenthood, Entrepreneurship, Assets and Pension), with 100 representing the highest possible score.

Country	Latest WBL Index (2023)	Income Group
Laos	85.6/ 100 ¹⁰	Lower Middle Income
Viet Nam	88.1/ 100 ¹¹	Lower Middle Income

⁷ <https://hdr.undp.org/gender-development-index#/indicies/GDI>

⁸ See Geske Dijkstra, A. & Hanmer, L. C. (2000). “Measuring Socio-Economic Gender Inequality: Towards an Alternative to the UNDP Gender Index” in *Feminist Economics*, (Vol. 6, No. 2). Journal article. UNDP (2018). Human Development Reports, ‘Table IV: Gender Development Index’. Website. Accessed online: <http://hdr.undp.org/en/composite/GDI>

⁹ <https://ourworldindata.org/grapher/women-business-and-the-law-index>, accessed on 14 July 2024

¹⁰ <https://wbl.worldbank.org/en/wbl>, accessed on 14 July 2024

¹¹ <https://wbl.worldbank.org/en/wbl>, accessed on 14 July 2024

Climate change and gender-related vulnerabilities in the Lower Mekong Basin

Over the past decades, changing agricultural land use practices in the Lower Mekong Basin (LMB) have led to increased exposure to climate hazards, even as they contribute to increased GHG emissions from the agriculture, forestry, and land-use sector.

In the Lower Mekong Basin (LMB), women are particularly vulnerable to climate change due to their dependence on natural resources for their livelihoods. Climate change has led to changes in rainfall patterns and water availability, which has affected agriculture and fisheries where women are strongly involved.

Historical climate trends and projections indicate that women and vulnerable groups in the target region will be disproportionately impacted by climate change. The following climate impacts have been identified in the LMB:

- **Increasing extreme weather events** (floods and typhoons): floods continue to be one of the most significant threats across the target countries, causing millions of dollars of damage and losses and affecting thousands of people. Lao PDR is one of the most vulnerable countries to climate change impacts, particularly floods.
- **Increasing extreme weather events** (drought): prolonged droughts have been causing crop losses and shortages of domestic water supply, putting the lives of thousands of women and children at risk of water-borne diseases and malnutrition.
- **Increased temperature**: Increased air temperatures are associated with lower productivity for coffee, rice and other crops, while increased ocean surface temperatures affect commercial seaweed production.
- **Rising sea levels**: Viet Nam is at risk of sea level rise which increases flooding from storm surges and results in increased saline intrusion for coastal agriculture, impacting domestic water supplies for millions of people.

In the LMB, women are more affected by land use changes because of their relationship with water, forests and other natural resources, as well as kinship and social networks on which they depend for support.¹² Differences in climate vulnerability between men and women are rooted in social structures and discriminatory norms and institutions that shape gendered patterns in resource access, time use, income opportunities and access to services in rural areas (FAO, 2023). Among other things, these patterns manifest themselves as persistent gaps in terms of the time dedicated to care and domestic responsibilities, in wages and productivity, in the quality of jobs, in access to and ownership of agricultural land, in the use of improved agricultural inputs and technologies, and in access to extension and financial services. Gaps in agricultural productivity, land ownership, access to extension and financial services, have a direct effect on women's climate vulnerability by undermining their adaptive capacity and pushing them into livelihood options that are more sensitive to climate change along multiple intersecting

¹² USAID (2016) Integrating gender considerations into community-based adaptation in agrarian communities in the Lower Mekong Basin. Available at: https://www.climatelinks.org/sites/default/files/asset/document/marcc_gender_and_cba_paper_formatted-8.11.2016_usaid_rev.pdf

dimensions.¹³ Compared to men, women are likely to have limited ability to adapt to climate change because they are often excluded from decision-making and are far likelier to lack productive resources such as land. In rural areas of the Lower Mekong Basin, women assume major water related responsibilities. The reduced availability of rice and fish due to water and related developments often has more impact on women as they tend to be responsible for growing and preparing food. During floods and droughts, women are more vulnerable than men due to their higher dependence on natural resources and because of the social barriers that limit their adaptive capacity.

Women play a central role in the generation of cash income for the household. In the LMB region, women are predominantly responsible for tasks including collecting water, gathering Non-Timber Forestry Products (NTFPs) for either consumption or sale, specific tasks related to crop cultivation and animal husbandry. They are responsible for selling surplus rice, vegetables, NTFPs and livestock.¹⁴ In such settings where women's opportunities are more constrained than men's and their responsibilities are closely tied to natural resources, their livelihoods are more likely to be negatively affected by climate-related changes in their environment. For example, water shortage during the dry season requires women and girls in Lao PDR's to walk several kilometers and wait in long lines every day to collect water for household use.¹⁵ Women responsible for collecting NTFPs such as mushrooms, bamboo shoots or ant eggs face a similar situation. These prolonged chores take time and energy away from their several other daily responsibilities. Understanding women's share of domestic workload is also key to avoid reinforcing existing inequalities in adaptation and mitigation action as their participation can lead to increase their burdens.

Gender norms and unequal power relations constrain meaningful involvement of women in decision-making. For example, in Viet Nam it was found that while women participate in community water governance meetings, they often do not voice their opinions during the meetings and participate less when senior officers were involved. Poor ethnic women disproportionality experience exclusion from community water decision-making, such as meetings introducing new projects.¹⁶ There is overall consensus among scholars and practitioners that women and marginalized groups are particularly vulnerable because their livelihoods are more vulnerable to climate impacts and they lack the resources to adapt. For example, education levels correlate with knowledge about climate change and access to climate-related information. Knowledge of

¹³ FAO (2024) The unjust climate. Measuring the impacts of climate change on rural poor, women, and youth. Available at: <https://www.fao.org/socioeconomic-research-analysis/resources/unjust-climate/the-unjust-climate/en>

¹⁴ Riversweb (N.D) Gender Issues in the Lower Mekong Basin . Available at: https://www.riversweb.org/namton/0420/KIT/1Basics/137CS_Gender_Issues_LMB.pdf

¹⁵ USAID (2016) Integrating gender considerations into community-based adaptation in agrarian communities in the Lower Mekong Basin.

¹⁶ Dang, L. Q. (2017). Water Management through the Lenses of Gender, Ethnicity and Class: A Comparative Case Study of Upstream and Downstream Sites on the Mekong River in the Mekong Delta of Vietnam (ASEAN-Canada Research Partnership Working Paper Series Working Paper No. 6). Singapore: Centre for Non-Traditional Security Studies (NTS Centre) RSIS

climate change and adaptation strategies has been found to be lower in women compared to men in the target regions.¹⁷

The increased frequency and intensity of weather events, fueled by the changing climate, has significant impacts on physical and mental health, women’s included. A recent study which examined heat-related productivity losses through a gender lens, concluded that estimates of women’s heat-related losses increase by 260% when unpaid labor is considered, compared to only 76% increase for men.¹⁸ The study identified extreme heat as placing a disproportionate burden on women’s physical health and economic security. With expected rising temperatures, women living in the LMB will be more at risks and their livelihoods will be strongly affected. Disasters impact health outcomes, and poor rural women are more likely to be affected. In Lao PDR outbreaks of diseases such as diarrheal disease, malaria, and typhoid fever are prevalent partly due to these hazards, and the incidence of tuberculosis is the highest in the region. Major disasters—such as typhoon Haima in 2011, or the 2018 floods—worsen health outcomes due to damage to health-care facilities and destruction of livelihoods.¹⁹

Long-term increases in temperatures are an important driver of income inequality between households headed by women and men. From heat stress, female-headed households lose 8% more of their income every year than male-headed households. Thus, there is an urgent need to strengthen the resilience of the agricultural production systems of female producers to rising temperatures.

More frequent and prolonged droughts are some of the climate hazards identified in each of the two target countries, with projected impacts on agricultural production and water availability. Research indicates that women are disproportionately affected by dry spells, impacting their livelihoods. Data reveal that plots managed by women are less likely to be irrigated or enhanced with organic fertilizers. Furthermore, female farmers are less likely to possess formal land documentation or agricultural machinery, making them more reliant on manual labor for agricultural production.

To get an understanding of the specific gender-related vulnerabilities, the assessment delves into women’s participation in agriculture, forestry and aquaculture, with a specific focus on gender barriers identified in the two countries.

Agriculture

Investing in climate responsive agriculture requires a better understanding of the constraints women agricultural producers face, including their access to natural resources, such as land and water, and productive resources such as credit, technologies and infrastructure. In the LMB, women are heavily involved in smallholder or small-scale agriculture – often in temporary and/or unpaid activities, with poorer access to productive capital,

¹⁷ USAID (2016) Integrating gender considerations into community-based adaptation in agrarian communities in the Lower Mekong Basin.

¹⁸ Adrienne Arsht-Rockefeller Foundation Resilience Center (2023) The scorching divide: how extreme heat inflames gender inequalities in health and income. Available at <https://onebillionresilient.org/extreme-heat-inflames-gender-inequalities/>

¹⁹ Government of Lao PDR. 2018. Post-Disaster Needs Assessment (PDNA) 2018 Floods Lao PDR

technology, and other resources. For these reasons, gender considerations need to be integrated into the design and implementation of the proposed project to enhance the efficacy of climate change adaptation interventions and ensure that gender co-benefits are obtained.

The significant vulnerability of the rural poor and women groups to climate change impacts suggests the great need for gender-responsive adaptation interventions based on gender-sensitive vulnerability to manage climate-induced risks in the LMB. In the agriculture sector, gender transformative adaptation can enhance food and nutrition security and bring other benefits such as increased socio-economic well-being and poverty reduction.

Women are an integral part of the agricultural sector across the LMB and they contribute significantly to all parts of agricultural production, but their contribution is undervalued.

Viet Nam's agricultural sector is being restructured to shift away from low value and subsistence agriculture towards more knowledge-based agricultural technology, mechanization and value-added processing to produce and export high-standard food products. Although the proportion of labor in the agriculture, forestry and fishery sector is decreasing, it still accounts for 35.9% among employed women and 33.2% among employed men in 2019.²⁰ Employed women are only marginally more likely than men to be working in agriculture, forestry and fishery. However, there is an important difference between the situation of men and women employed in this sector. The majority (85.9%) of women in agricultural employment are primarily involved in subsistence agriculture while the corresponding share in male agricultural employment is 59.2%.²¹ Similarly in Laos, the agricultural sector is shifting from subsistence to market-based models, however women face constraints in accessing markets due to limited mobility, literacy levels and, in the case of ethnic minorities women, Lao language skills.²²

The Vietnamese agricultural sector employment remains characterized by limited earnings and few worker protections, within which women are particularly disadvantaged, making gender-mainstreaming extremely relevant to agricultural restructuring in Viet Nam. In Viet Nam, the agriculture, forestry and fishery sectors are associated with lower technical qualifications than other sectors of the economy and women workers are in an even more disadvantaged position compared to their male counterparts.²³

Across the two countries, women are engaged in a wide range of crop value chains and manage many functions as small-scale farmers and collectors, retailers, and wholesalers. In general, farming is considered as a household activity. However, agricultural activities such as land preparation, irrigation control, fertilizer and pesticide application can be divided as men's or women's work. Mechanization, manual works, and operation of farm equipment are generally

²⁰ GSO (2021a). Gender Statistics in Vietnam 2020, Statistical Publishing House, Hanoi. <https://www.gso.gov.vn/wp-content/uploads/2021/10/SACH-GIOI--printed.pdf>.

²¹ UN Women (2021a). Country Gender Equality Profile Viet Nam 2021. https://vietnam.un.org/sites/default/files/2021-12/CGEP_Full%20report_English.pdf.

²² FAO (2018) Country Gender Assessment of Agriculture and the Rural Sector in Lao People's Democratic Republic. Available at <https://openknowledge.fao.org/server/api/core/bitstreams/213d3b2b-9f00-402c-80d3-5ebaab037302/content>

²³ Vu Thi Hoai Thu & Nguyen Vu Thu Anh (2023) Climate Change and Agriculture in Vietnam: A Gender Perspective. Available at: <https://khoamoitruongdothi.neu.edu.vn/vi/cong-trinh-nckh/climate-change-and-agriculture-in-vietnam-a-gender-perspective>

performed by men, whereas women take care of seed, seedlings, weed control, transplanting, etc.

Equal rights do not guarantee equal access, and in the LMB women face barriers in benefitting from land ownership and access to financing. Viet Nam has enacted provisions to improve the protection of women's land rights. Women's equal land rights are institutionalized in several laws, but rural women's access to and control over land, a direct source of livelihood, remains contingent upon men.²⁴ Women have limited land ownership which constrains their access to credit and secure livelihoods. Bank processes in Laos require land titles and assets as well as the signature of the head of the household, preventing women from easily accessing formal financing. Due to their lack of access to formal financial mechanisms, women are more likely to take out small, informal loans to meet family needs. This debt can be a burden for women when repeated natural disasters occur, as they do not have an income source to repay the loans.

Women and women's groups have less access to the technical training and information across the two countries. Rural women are over-represented in the occupational category of unskilled labor and also less likely than rural men to benefit from agricultural extension services and short-term training in Viet Nam. Women groups have less access to the technical training that is needed as the agricultural economy becomes less labor intensive and more knowledge-based. In Laos men are usually the first choice when it comes to attending village meetings, training, and information sessions because women are busy with housework. Women, therefore, often only receive information through their husbands, if at all. When women do attend meetings and trainings, they do not feel confident enough to speak or ask questions, which means they are not full participants.

The dual burden of agricultural work and household responsibilities negatively impact women's health and nutrition, reducing their productivity and ability to engage in labor-intensive agricultural practices. In Laos the education and literacy gaps between men and women harm women's self-confidence and contribute to perceptions, held by both men and women, that women are less capable than men.²⁵

Forestry

Women play important roles in all forestry activities, including management and utilization of natural resources as well as the practice of traditional knowledge on management and protection of forests and forest resources. Women and men exhibit different patterns in their interactions with forests, particularly in activities related to forest landscape restoration, including:

- Women and men gather different forest products, especially non-timber resources, and derive distinct benefits from them.
- Women often have different levels of access to and control over forest resources compared to men.

²⁴ UN Women (2021b). The State of Gender Equality and Climate Change in Viet Nam. https://asiapacific.unwomen.org/sites/default/files/Field%20Office%20ESEAsia/Docs/Publications/2021/04/publication_vietnam%20report_digital2%20%281%29.pdf

²⁵ FAO (2018)

- Both women and men serve as agents of forest conservation, contributing in diverse ways to sustainable management and activities aimed at restoring forest landscapes.

Women have a diversity of roles in wood-based value chains, but the lack of precise data on how women participate in these value chains constrains efforts to improve gender equity. It is estimated that 2-3 million women in Viet Nam are involved in wood production, processing, and marketing, most of them working in household or micro-enterprises either as owners, members of the household labor force, or hired laborers.²⁶ With regards to non-wood forestry products, women are heavily involved in activities like nursery tending, seedling preparation and non-wood forest product collection.²⁷

In Laos NTFPs play an important role in promoting the livelihood of the rural population and the national economy. About 70% of the total population lives in rural areas, are dependent on upland farming and forest products for their food, cash income, and livelihood. NTFPs are part of their daily subsistence. Women play an active role in harvesting and using NTFPs, but they often do not have direct control of the income derived from commercial NTFPs, and therefore may not directly benefit from increased commercialization. Women are also more likely to be involved in crop cultivation within the actual forests than men even if the latter have been responsible for clearing the forest land in the first instance.²⁸

Despite the lack of discriminatory laws and policies, the regulatory framework's implementation has been weak across countries. In Viet Nam women's names are often omitted on Land Use Certificates which confer ownership of land rights.

The role of women, especially rural and indigenous women, in the conservation of natural resources and protection is largely defined by their traditionally-assigned social roles. Cultural attitudes around women's roles and their engagement in domestic and care activities (including childcare and other domestic duties) are one of the underlying causes of gender inequality in the forestry sector and in wood-based value chains. These attitudes often discourage women from participating in meetings or having stronger decision-making influence, and bias local conflict resolution processes.

Gender disparities in the forestry sector are largely attributable to cultural norms that reinforce that forestry is a male profession and women's work is of secondary importance. Because of these norms, fewer opportunities in forestry planning and capacity development programme for managerial, technical and business skills are offered to women. Hence, women's participation in decision-making and their representation in leadership positions at both national and subnational levels are low (e.g. Viet Nam). Women slightly outnumber men in the agriculture, forestry and fishing workforce in Laos (51.3% of the workforce is women, compared to 48.7 being men), however their involvement in forest value chains is limited to small-scale retail or

²⁶ Forest Policy Trade and Finance Initiative (2019) Gender and wood-based value chains in Vietnam. Available at <https://www.forest-trends.org/wp-content/uploads/2020/02/Vietnam-Gender-SmEs-FINAL.pdf>

²⁷ FAO (2015) Understanding women's participation in forestry in Viet Nam. Policy Brief.

²⁸ World Bank (2019) Lao PDR Gender Integration Development Study Draft Final Report. Available at: <https://www.forestcarbonpartnership.org/system/files/documents/Lao%20PDR%20Gender%20Integration%20Development%20Study%20Final%20Report.pdf>

subsistence harvesting²⁹. Men dominate larger businesses and tend to engage in higher value chains. As processing become more capital-intensive, or as the scale increases, women's participation tends to decrease. Women's participation also diminishes when the distance to the trading location increases, often due to socio-cultural norms.

Aquaculture

Women's involvement in aquaculture varies across the countries and it is shaped by cultural norms and economic situation. Generally speaking, the aquaculture sector remains male-dominated.³⁰ Key barriers drive gender inequalities in the sector: women's lack of access to land pond ownership; lower access to technologies and training or information; lack of control over income. In terms of division of work, the most physically strenuous work such as pond preparation is mainly done by men. Both women and men are engaged in feeding, harvesting and selling fish. Mariculture is often considered as men's occupation, but women are heavily involved in certain aquaculture types such as seaweed and crab culture, and often are involved as workers in shrimp farms. Women are involved more in extensive aquaculture especially in homestead culture and less in commercial and intensive aquaculture.

In Viet Nam women are facing barriers to transition to aquaculture farming due to a lack of expertise and limited access to capital and technical support.

In the LMB women's contributions in aquaculture often extend beyond traditional gender roles. Women may lead production by integrating aquaculture with domestic tasks and owning vertically integrated companies. However, skewed perceptions about gender roles, especially in patriarchal societies, limit women's access to training, policy-making, and decision-making opportunities. Women also receive lower wages than men and their contributions are often undervalued due to a lack of disaggregated data.³¹ In Viet Nam, gender stereotypes and the perception of men as the primary breadwinners and decision-makers of the family also limit women's participation in commercial aquaculture. Income from aquaculture does not come regularly as production cycles last at least 2 months. Thus, small household farms need to engage in non-aquaculture livelihood activities (plant or animal production, off-farm jobs) to provide regular income (and food); and this is where women play a role in filling the income gap.

Industrialization and globalization have displaced women from marine areas as men establish mariculture zones. In Viet Nam, extensive coastal shrimp farming is supported by the conservation of the forest and the cultivation of crabs, shellfish, and mollusks, which allows for natural recruiting of wild shrimp together with stocking of additional seeds from hatcheries.

²⁹ Rural Research & Development Promoting Knowledge Association (RRDPA) And Maeying Huamchai Phattana (MHP) (2021). Women's involvement in village forest management. Available at: <https://loggingoff.info/wp-content/uploads/2021/07/Women-involvement-in-village-forest-management.pdf>

³⁰ FAO (2022). Women and men in small-scale fisheries and aquaculture in Asia. Available at: <https://openknowledge.fao.org/server/api/core/bitstreams/91054e6a-0d2c-43b3-98ac-289eda0552d4/content>

³¹ Bosma et al. (2018). Gender action plans in the aquaculture value chain: what's missing? Available at: <https://onlinelibrary.wiley.com/doi/full/10.1111/raq.12293>

However, men are responsible for decisions on farming techniques, when to dredge and when to stock, whereas women help to harvest and sell the shrimp.³²

Climate change impacts on aquaculture production include direct and indirect effect, including at ecosystem level. Small-scale farmers are expected to be more impacted due to the increased production costs in farm management and lack of support systems to recover from climate impacts compared to large producers. Hence, women and vulnerable communities are expected to experience the negative impacts.

Land-use changes to accommodate aquaculture may also lead to exclusion of the poor households in which women are the most vulnerable. In Vietnam's coastal areas from North to South, poor and women-headed households are often involved in intermittent seasonal salt-rice production demanding little inputs. When the neighboring fields are converted to intensive shrimp farming, the water management of the area is modified and the poor are forced to follow into shrimp farming. However, as the poor households don't have the required capital for intensification to follow, this shift leads to failure and loss of land.³³

Exporting countries benefit significantly from globalization through increased employment, and women's participation has increased but gaps remain to achieve quality employment standards. In 2001, Vietnamese fisheries employed around 45,000 people, with women comprising only 6.7%. A decade later, women represented 90-95% in pangasius and shrimp processing.³⁴ However, women are often paid less for the same tasks and the high percentage of women in seafood processing is driven by lower wages for women and the industry's failure to comply with labor laws and human rights standards.

Programme Overview

The Mekong Earth Regeneration Fund (MERF)

The Mekong Earth Regeneration Fund (MERF) GCF Programme employs an Equity Investment Facility to help investee companies address barriers to low-carbon and climate resilient agricultural production in the Lower Mekong Basin and attract private capital at scale. The programme has a cross-cutting focus of climate mitigation and adaptation in the Lower Mekong Basin.

Through long-term private equity investments for impactful businesses adopting regenerative agriculture and sustainable land use, MERF will demonstrate successful investment models that stimulate action and mobilize necessary investment for GHG mitigation and climate resilience in the AFOLU sector.

³² FAO (2022). Women and men in small-scale fisheries and aquaculture in Asia. Available at: <https://openknowledge.fao.org/server/api/core/bitstreams/91054e6a-0d2c-43b3-98ac-289eda0552d4/content>

³³ Nguyen TD, Ngo TT, Nguyen TMK (2015) Determinations of woman's contributions to fish and shrimp farms in Vietnam' northern coastal area. World Aquaculture Conference 26-30 May 2015, Jeju, Korea. Available from <http://www.was.org/meetingabstracts/ShowAbstract.aspx?id=35713>.

³⁴ De Silva DAM (2011) Faces of women in global fishery value chains: Female involvement, impact and importance in the fisheries of developed and developing countries. NORAD/FAO Value Chain Project.

The programme will support sustainable and resilient businesses in sustainable land-use sectors – comprising regenerative agriculture, agroforestry, sustainable plantation, sustainable aquaculture, livestock and forestry, agritech solutions etc. The MERF aims to crowd-in foreign and domestic private investment to leverage the significant potential to transform food systems in the Lower Mekong Basin that has so far largely been untapped and will do so in a way that builds climate resilience, contributes to emission reductions and avoids maladaptation.

The MERF will target sustainable land use sectors that promote nature-based solutions to mitigate and adapt to climate change through the preservation and regeneration of forests and soils. The MERF aims to target specific sectors and business models displaying the most potential to optimize the risk-impact-return profile for shareholders, while delivering concrete adaptation measures and emission reductions. The MERF will invest in business models that reduce GHG emissions from the agriculture, forestry, and land-use sectors, and contribute to climate resilience for farmers and ecosystems while generating attractive financial returns. Investments will consider opportunities to stimulate change across the entire value chain – processing, input suppliers, finance entities, pre- and post-harvest. The MERF will focus on de-risking new investments in companies expected to achieve rapid scale-up of impact and growth rates over the period of the Fund's investment. This will mainly be driven by rapid growth in the underlying business, as measured by the measurement indicators which are most relevant to value and impact creation in that industry. This will lead to MERF prioritizing companies and sectors that are at earlier stages of growth, including in highly fragmented sectors.

The proposed programme is structured around one main component, which includes establishing and operationalizing the MERF Investment Facility, and placing capital with investee companies. Key outputs of the program are Output 1.1 – MERF is fully operational in beneficiary countries to mobilize capital for regenerative landscape investment and Output 2 – MERF successfully identifies and finances eligible companies and businesses that support farmers in implementing climate resilience and regenerative agriculture practices. MERF is expected, over a 12-year period, to impact the lives of 369,200 direct and indirect beneficiaries in the LMB, and mitigate approximately 10.9 MtCO₂e by helping regenerate and enhance climate resilience on at least 172,600 ha of forest, agricultural and coastal ecosystems.

GCF support will be instrumental to secure investor confidence and attract capital in underserved sectors, which will support the transition from resource-depleting agricultural practices with low returns to resilient, low-carbon production pathways with higher revenue and return generation potential in two target countries.

MERF's Gender Approach

Mekong Capital's Gender Approach and Track Record

Diversity, equality, and inclusivity (DE&I) are key priorities at Mekong Capital, both as a diverse and inclusive workplace, and as a private equity provider. Mekong Capital believes that inclusive and diverse workplace would lead to better business performance. Mekong Capital upholds local labor laws and best practices by ensuring fair labor practices, fostering a non-discrimination workplace, and actively promoting a diverse, equitable and inclusive working environment.

Specifically, through the MERF, Mekong Capital would like to foster gender equality and women’s empowerment by implementing a gender investing strategy, which integrates gender lens into the MERF’s investment processes.

Diversity, Equality and Inclusion within Mekong Capital in 2024			
83% of employees are women	33% of partners are women	88% of managers are women	88% of promotions in 2024 were for women

Within the portfolio companies, Mekong Capital has been tracking and monitoring progress of its investees with regards to gender equality, diversity and inclusion. In 2024, their portfolio accounted for over 50% women employees. This track record and experience have been used to build the MERF’s gender investing strategy and to shape the MERF’s expected impacts to gender equality.

Diversity, Equality and Inclusion at the Portfolio level of the existing Funds advised by Mekong Capital in 2024			
55% of employees are women	7% of companies have a woman CEO	31% of senior management positions are held by women	100% of companies have at least one woman on the board

MERF’s Gender Investing Strategy

Considering the disproportional impacts of climate change on women in the Lower Mekong Basin, which amplifies existing gender inequalities and poses unique threats to their livelihoods, health, and safety, MERF has developed a Gender Investing Strategy for the MERF programme. This strategy aims to address gender disparities and make better-informed investment decisions and risk management that can have reputational, operational, and ultimately the performance of portfolio companies.

Evidence shows that gender-smart investment strategies can enhance a company’s competitiveness, solidify its supply base, improve human capital, and help build an overall enabling business environment. Incorporating gender analysis into the fund’s investment process can highlight opportunities and uncover risks, leading to better financial and social outcomes. During the development of the fund’s pipeline portfolio, the investment team has identified several opportunities and engaged with companies founded and led by women. These companies typically have a more diverse and gender-equitable workforce and contribute to a more inclusive value chain where women are empowered to play various roles.

MERF’s Gender Investing Strategy closely follows the Gender-Smart Investing Guide for Fund Managers published by International Finance Corporation (IFC) and CDC³⁵. MERF will apply one or more of the following gender-lens investing strategies within each investment deal, and across the portfolio (see Table 1). Covering the entire investment life cycle from origination, due diligence and investment analysis to decision-making, deal structuring, portfolio management and reporting.

³⁵ <https://www.ifc.org/en/insights-reports/2020/gender-smart-investing-guide>

Table 1 - Gender Lens Strategies for the MERF

Strategy (Gender Lens)	Gender-lens Origination (Pre-investment)	Gender-lens Portfolio Management (Post-investment)
<i>Invest in Companies</i>	<i>Identify and consider</i>	<i>Support portfolio companies to</i>
Leadership Companies with women represented in leadership (i.e. founder, cofounder, gender-balanced leadership team)	Companies where women are represented as founders, co-founders, majority owned by women and are committed to increasing gender diversity within their leadership as represented in senior leadership and the Board of Directors.	Increase gender diversity of leadership.
Employees Companies committed to a gender diverse and equitable workforce	Companies that have a gender-diverse workforce or that are committed to increasing diversity throughout the workforce and include other vulnerable groups (e.g. ethnic minorities, youth, elderly) as part of their workforce.	Increase the gender diversity of employee base and enhance workplace equity for both female and male employees. Support portfolio companies to adopt inclusive workplace policies and practices to support women at all levels.
Supply Chain Companies committed to a gender inclusive value chain	Companies that: a) buy goods and services from women owned and led producers and suppliers, or b) distribute and sell products via women-owned and led distributors and retailers	Develop a gender-inclusive supplier base and distribution network. Support existing suppliers to adopt inclusive practices, such as code of conducts, etc.
Community Companies committed to ensuring their operations adopt a “do no harm” approach to women in the community	Consider the representation and needs of women community stakeholders (including from vulnerable groups) that could be impacted by company operations	Develop gender-inclusive community engagement processes and operations and track sex-disaggregated data on their interventions. Support companies to implement community-level grievance mechanisms and ensure that GBVH and SEAH practices for community engagement are up to standards.

During the investment assessment process on a potential deal and in particular during the due diligence phase, MERF will decide which gender-lens investment strategy/ies is the most suitable for the investment. One or more of the strategies can be selected based on the following factors:

- **Relevance of the gender lens** to the investee company business model and the sectors and markets they operate in. To identify the most appropriate lens or lenses, particular emphasis will be placed on the stage of growth of the company, their previous experience with gender-specific activities and their leadership's appetite for deepen the commitment towards gender equality.
- **Existing gender gaps** in the sector of operation and considering where there is the opportunity to make a difference, as well as country-specific gender gaps and barriers. This is often seen in sectors where women are underserved, or in the workforce where changes to recruitment, retention, and promotion can be undertaken to promote gender diversity within the investee company. MERF will seek to find a balance between ambitious action to close gaps and available resources to address existing gaps.
- **Availability of data** to establish a baseline and assess the starting point of the potential investee company. Internal workforce data (workforce composition) will be assessed first, and then compared with national benchmarks and Mekong Capital's track record and experience.

Alignment with GCF Gender Policy

The MERF aligns with GCF Gender Policy³⁶ which aims to address and reduce gender inequalities, deepen stakeholder engagement and deliver better accountability to both men and women to generate sustainable livelihood opportunities, health and well-being, and resilience against climate-induced shocks and risks.

The Fund's gender approach is also aligned with international standards, such as the Universal Declaration of Human Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the Sustainable Development Goals, and the International Labor Organization's core conventions, by recognizing the equal rights of women and men to access opportunities.

Mekong Capital is responsible for supporting the implementation of the Fund-level gender action plan and for reporting on results, including the generation and use of sex-disaggregated data.

In line with GCF project-level requirements, Mekong Capital will:

- Prepare a gender assessment and gender action plan for the Fund (i.e. this document) and integrate the analysis of context and sociocultural factors underlying climate changes-exacerbated gender inequality.
- During the MERF's implementation, Mekong Capital will refine as necessary the gender-related baseline, indicators and targets.
- The MERF will monitor progress and report on the progress made in implementing the fund-level gender action plan.

³⁶ Gender Policy adopted by the Board in decision B.24/12

As part of the contribution to the enabling environment, the MERF will ensure that each investee's gender action plan is aligned with national policies and priorities on gender and that these are reflected in the contextual analysis conducted during the due diligence phase.

Alignment and Contribution to the Sustainable Development Goals (SDGs)

The MERF will contribute to SDG5 – to achieve gender equality and empower all women and girls. The MERF will aim at contributing to the achievement of Target 5.5: “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life” by tracking the proportion of women in managerial positions.

The project will also indirectly contribute to end forms of discrimination against women through the support provided to investee companies and their application of inclusive workplace policies and practices (Target 5.1 of SDG 5).

Companies will be required to track diversity in their workforce and track women participating in their value chains, and to adapt their policies and practices so that they can meet workforce's diversity targets, as well as they will be benefited from the Fund's technical support to increase women's participation and empower women at all levels.

Further, in alignment with the MERF's approach to SEAH and GBVH prevention, the Fund will also strive to contribute to the elimination of violence against women by supporting companies to develop and implement strong GBVH prevention and SEAH prevention mechanisms (Target 5.2).

MERF Gender Impact Goal

MERF sets an ambitious gender impact goal of reaching **50% of MERF's investments to be 2X Criteria-aligned at the end of the Fund's lifetime**. Given that investments are not identified at this stage, this target is aspirational. Mekong Capital will monitor progress against this impact goal on an annual basis and refine it as needed. This target is ambitious and is a testament of the MERF's commitment to gender equality, while also reflecting the barriers and challenges still existing in the two target countries.

The MERF impact goes beyond simply tracking inclusion within their portfolio companies and aims at achieving long-lasting transformations of women and vulnerable' s groups livelihoods. This goal is achieved through integration of gender equality considerations across all stages of the investment process and through support to companies to achieve gender targets. Gender equality is embedded in the MERF's Theory of Change and gender-related outcomes include the improved adaptative capacity of farmers (% of beneficiaries who are women), as well as increased financial and social inclusion for women and vulnerable groups (co-benefit). The MERF's Theory of Change is presented in the following Figure 1.

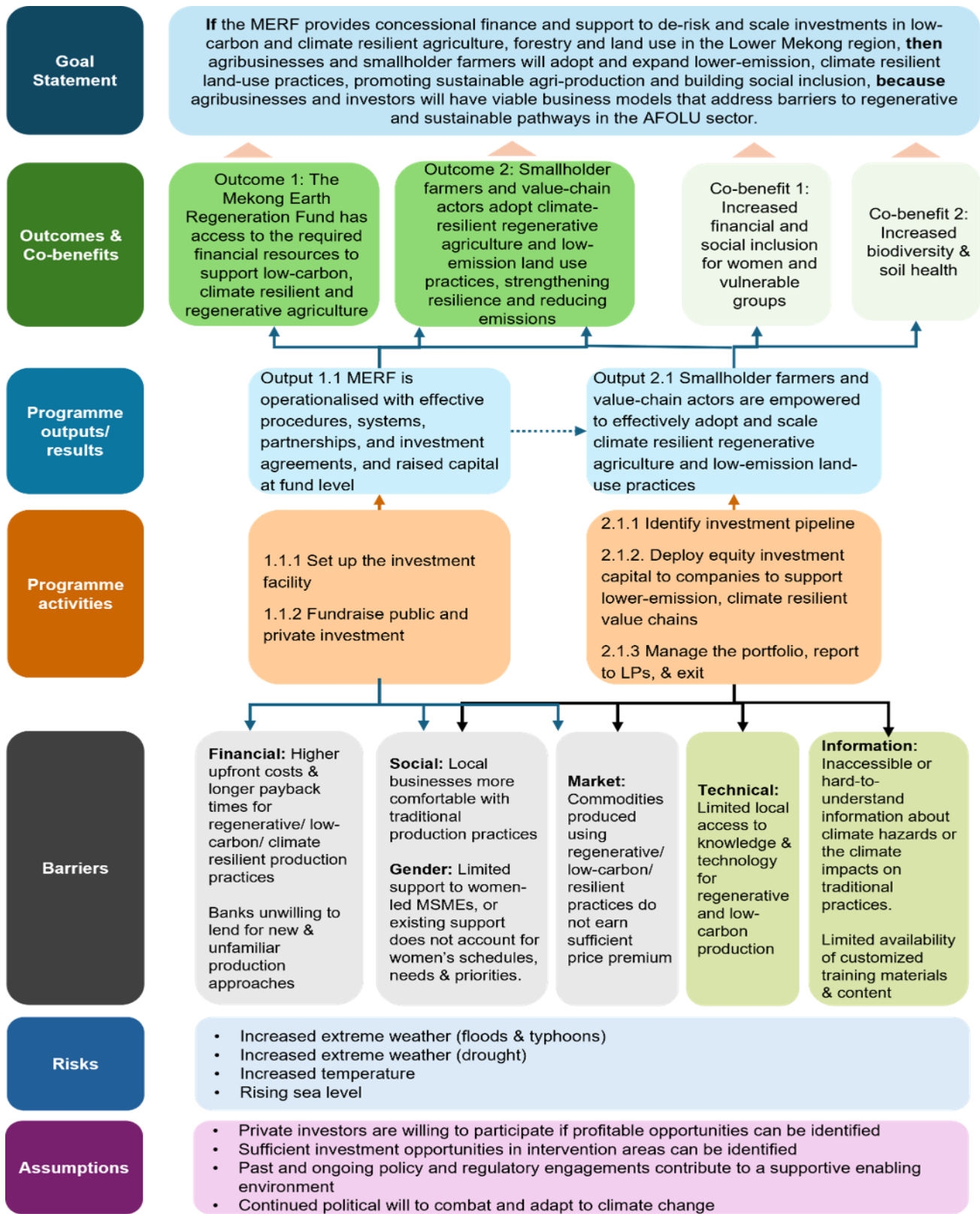


Figure 1 MERF's Theory of Change

The Fund aims to establish a clear pathway with annual key performance indicators (KPIs) and milestones for each portfolio company, while also regularly monitoring to ensure that this goal is achieved within the designated timeline.

2X Criteria is a set of assessment criteria developed by 2X Global for the “2X Challenge” - a call to action to shift more capital towards investments that empower women in developing countries to have access to entrepreneurship and leadership opportunities, quality jobs, and products and services that enhance their economic participation. Investments align with the 2X Criteria if they meet³⁷:

- Basic 2X ESG,
- Minimum Governance & Accountability requirements,
- Two Criteria or **ONE** Criteria and provide a **time-bound commitment** to meet a second **Criteria**.

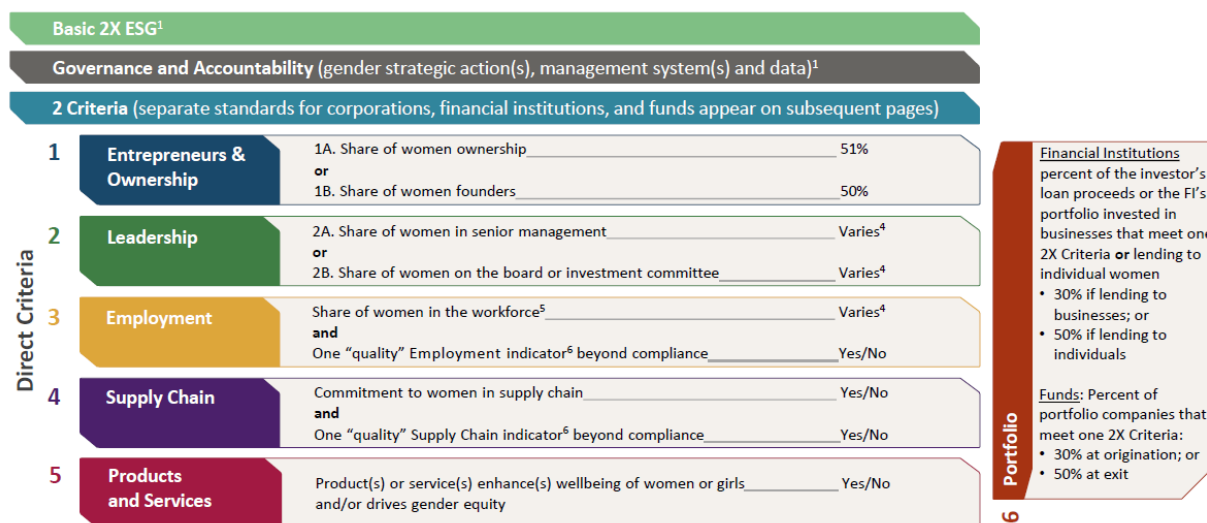


Figure 2 An Overview of the 2X Criteria

*The 6th criterion is only applicable to Financial Institutions and Funds, not for companies.

The Fund will focus on alignment with the following 2X Criteria:

- **Entrepreneur & Ownership**
- **Leadership**
- **Employment;** and
- **Supply Chain**

These 2X Criteria align with the Fund's Gender Investing Strategy and are straightforward for portfolio companies to report on with minimal effort. Portfolio companies are expected to comply with the “Basic ESG” criteria and the “Governance and Accountability” as these are assessed during the due diligence phase. Given the specific sectors of MERF's investments (e.g.,

³⁷ <https://www.2xchallenge.org/2xcriteria>. Accessed 22 Dec 2025

agriculture, aquaculture and forestry), and the identified climate hazards and climate impacts in the target region, investee companies are expected to implement actions that:

- Improve the livelihoods of women by reaching women in the workforce and in agricultural commodity value chains. This will be achieved by providing safe and attractive job opportunities, ensuring inclusive workplace policies and practices, and engaging women and small-holder farmers in high-value supply chains. Income generation and livelihood diversification will contribute to reducing women’s vulnerability to climate change.
- Improve the adaptive capacity of farmers, particularly women, by strengthening their ability to anticipate, absorb, and respond to climate-related shocks while sustaining or improving livelihoods.

Gender Targets

The country assessment (see page 27) indicates gender gaps still exist with regards to women’s participation in sustainable land-use sectors, and barriers prevent them to access leadership positions. Nevertheless, the programme aims at ensuring that equal opportunities and fair participation are provided to men and women in the contexts of the investments. The MERF strives to support women by supporting women-led/ women-owned businesses, providing access to leadership opportunities, quality employment, and an inclusive value chain, enhancing their economic participation and inclusion. Aligning with the 2X Criteria allows the Fund to drive significant social impact, promote gender equality, achieve economic benefits, improve operations, and contribute to a more inclusive and equitable economy.

MERF and its investee companies will align on the targets linked with the selected 2X Criteria, with reference to the country-specific target of the 2X Criteria, and corresponding action plans to achieve the targets within a set timeframe. These targets are further reflected in the Gender Action Plan for this project, and in the Funding Proposal.

Table 2 Country-specific targets for relevant 2X Criteria

Country	Targets for Entrepreneurship and Ownership Criteria	Targets for Leadership Criteria	Targets for Employment Criteria	Targets for Supply Chain Criteria
Viet Nam	50% founders are women; or 51% of shares owned by women	30% of senior management are women; or 30% of board members are women	45% of employees and at least one quality employment indicator	Commitment to women in supply chain and at least one supply chain quality indicator
Lao PDR	50% founders are women; or 51% of shares owned by women	45% of senior management are women; or 30% of board members are women	45% of employees and at least one quality employment indicator	Commitment to women in supply chain and at least one supply chain quality indicator

Based on the analysis of the existing pipeline (see Annex 2 Feasibility Study) and the estimated reach of 369,207 beneficiaries (direct and indirect, see Annex 23 Beneficiary Calculations), sector and country-specific participation rates have been used to identify MERF’s targets. Based on national labour and agricultural participation statistics, we estimate that approximately 50% of smallholders in Laos and 47% in Vietnam engaged in agricultural, forestry and aquaculture value chains are women. Applying these proxies to the MERF’s anticipated reach yields an estimated ~45% of the total smallholder beneficiaries as women. These figures will be refined through investee-level gender diagnostics during implementation and will inform gender action plans and monitoring frameworks.

Indicator for tracking gender inclusion in MERF	Targets	Assumptions
Share of women beneficiaries reached by the MERF	45% of total MERF beneficiaries to be women	The percentage of women beneficiaries represents an ex-ante portfolio-level estimate, to be refined during implementation through investee-level gender assessments.
Share of women in the workforce	45% of jobs created under MERF that will go to women	Lao PDR has higher % of female workforce participation in agriculture, forestry and fishery sectors compared to Viet Nam. However, across the two countries, despite high workforce participation rates, women tend to be employed on family farms and in subsistence agriculture. The MERF will require and support investee companies to ensure that they have the necessary policies, practices and strategies to recruit women across all levels of the workforce, and that each investee is equipped to reach the envisaged target.

Gender Lens Integration into MERF’s Investment Process

To implement the Fund’s Gender Investing Strategy and deliver the gender impact goal, the Fund applies gender lens approach throughout the Fund’s investment process, from deal sourcing, screening, due diligence, investment decision making, post-investment portfolio management, monitoring and reporting and exits. The approach is integrated as a part of the Fund’s Environmental and Social Management System (ESMS) and Impact Measurement and Management (IMM) as summarized below:

Stage	Description
-------	-------------

Deal Sourcing	<p>Identify deal using a gender lens: in order to avoid conscious or unconscious bias when identifying new pipelines. MERF's sourcing strategies are designed to be</p> <ul style="list-style-type: none"> • Sourcing strategies: in alignment with the Fund's Gender Investing Strategy, Deal team will proactively attend and present at women-focused entrepreneurship events, women business groups, women entrepreneurship support organizations and alike to establish relationship and build a network for pipeline development. Meanwhile, the MERF's deal team comprises of both female and male members, which could enable gender diverse view to source diverse pipeline companies.
Screening	<p>Early screening of the potential investments to ensure they fit the investment, it will cover both negative screens and positive screens:</p> <ul style="list-style-type: none"> • Negative screens: <ul style="list-style-type: none"> ○ Screen pipelines against MERF's Exclusion List ○ Preliminarily screen sexual exploitation, abuse and harassment (SEAH) risks and identify whether any potential gender issues, such as non-compliance issues, gender-based violence and harassment (GVBH) cases, as well as any potential risks of exacerbating gender inequalities post investment due to the sector and context of implementation. • Positive screen: screen pipeline companies to identify whether they are already demonstrating alignment with or have a willingness to commit to a gender lens or the Fund's Gender Investing Strategy, with a particular focus on their potential alignment with the 2X Criteria. <p>The screening will be done through review of publicly available resources, and also information from early engagement with pipeline companies with reference to the 2X Criteria.</p>
Due Diligence	<p>Gender due diligence will be conducted as parts of the Environmental and Social Due Diligence (ESDD) and the Impact Due Diligence (IDD) to evaluate whether there are any GVBH/ SEAH risks that may affect a company's operations, financials and reputations, as well as identify gender gaps and related opportunities associated with the company's operations and determine if there is capacity and commitment from the company leadership to a gender lens. The due diligence phase will confirm that the investee is not involved in activities on the exclusion list, that the company respects human rights across the value chain and that is aligned with international standards, and that GBVH and SEAH safeguarding measures are in place.</p> <p>During the due diligence, gender-related data (e.g., sex-disaggregated data) and information, e.g. strategies, policies, procedures, programs, goals and key performance indicators (KPIs) etc., will be requested by MERF and provided by pipeline companies for the Fund's review. Interviews with the companies' leadership, employees, and relevant stakeholders (e.g. contractors, suppliers, local communities, etc.) as necessary and physical visits to pipeline companies and the surrounding areas will also be conducted to gather and verify companies' practices, and information. Where relevant during this phase, an intersectional lens will be applied to assess whether other dimensions of vulnerability (e.g. indigenous women, ethnic minorities or migrant and informal workers) affect the potential investment's outcomes. Emphasis will be placed to understand the policies and practices in place for the company to recognise and address</p>

	<p>intersection gender considerations relevant for their operations (e.g. supply chain, community engagement, workers conditions etc.).</p> <p>MERF will consider whether the due diligence could be conducted internally or externally by a gender specialist, depending on the Fund’s resources and capacity, as well as pipeline companies’ scale and nature of operations.</p> <p>A gender due diligence checklist and gender-related indicators, aligned with 2X Criteria, IRIS+, IFC and CDC’s guide, and/or other relevant international practices are integrated into the ESDD and Impact DD questionnaire. These will include questions with an intersectional lens.</p> <p>Based on results of the due diligence, the MERF will define which gender-lens investment strategy/ies is the most suitable for the investment and prepare an investment-level gender assessment where material gender gaps are identified and discussed with the pipeline company. The potential investee will then agree on a gender action plan to close the identified gaps, as well as gender-based milestones and outcomes, committed by the company.</p> <p>Gender-based milestones and outcomes committed by the pipeline company shall align with the Fund’s Gender Investing Strategy and contribute to the Fund’s gender outcomes, goals and targets.</p>
Contracting	<p>Upon the investment is approved by the Investment Committee, a legal agreement/ investment document will be prepared and signed by both parties. The legal agreement will include E&S clauses/covenants, and other general and specific conditions for investment by MERF, impact KPIs, and the agreed gender action plans and gender-based milestones and outcomes, data collection and reporting requirements. This is to ensure alignment on gender outcomes between the investee company and the Fund and achievement of the Fund’s gender outcomes and goals.</p> <p>The key output of the contracting stage is an investment-level Gender Action Plan (GAP).</p>
Portfolio monitoring and Engagement	<p>Post-investment, MERF is responsible for monitoring and supporting the portfolio company in implementing the GAP and achieving gender outcomes agreed upon in the legal agreements/ investment documents. The portfolio company is responsible for the design and delivery of gender activities, and reporting on a regular basis, as mutually agreed.</p> <p>MERF will require portfolio companies to track and report on gender indicators, monitor whether gender-based milestones are being met and determine the gender outcomes have been achieved; or conduct supervision visits to the portfolio companies to assess the progress.</p>
Exit	<p>The exit phase is critical in ensuring that investments made by the Fund have a lasting positive impact for the portfolio companies even after the Fund’s investment. As such, MERF will adopt six principles recommended by IFC and CDC⁶, to ensure the exits are aligned with the Fund’s gender-lens investment strategies, maximize gender outcomes and mitigate the risk of losing progress on gender equality with buyers that may not be as committed.</p>

Approach for the Assessment and Mitigation of SEAH and GBVH

In the Lower Mekong Basin, women's access to financial resources, land, education, health, and other opportunities is restricted by structural and cultural barriers, such as inadequate legal representation, unequal property rights, ineligibility for credit, and cultural and gender norms. These obstacles hinder women's ability to adapt to climate change, preventing them from fully participating in and benefiting from MERF's investments and climate-related interventions. Additionally, these barriers increase the risk of sexual exploitation, abuse, and harassment (SEAH), making women more vulnerable and less able to report incidents or access support and justice, thereby reducing deterrents for perpetrators who act with impunity.

The country-level gender assessments identified SEAH-specific risks and the MERF will adopt a systematic approach to identify, reduce and mitigate risks for SEAH and Gender Based Violence and Harassment (GBVH). Where relevant, an intersectional lens will be applied to identify how other considerations (e.g. migration, presence of ethnic minorities or indigenous people) interact with SEAH and GBV risks.

In line with international best practices³⁸, the MERF commits a "do-no-harm" approach in all activities and the integration of E&S risk considerations into each stage of the Fund's investment process to:

- avoid, and where avoidance is not possible, minimize or reduce adverse impacts through abatement measures; where residual impacts remain, mitigate any residual risks and impacts and where avoidance, minimization or mitigation measures are not available or sufficient; and where there is sufficient evidence to justify and support viability, design and implement measures that provide remedy and restoration before adequate and equitable compensation of any residual risks and impacts
- avoid, and where avoidance is not possible, mitigate the risks of gender-based violence and harassment (GBVH)/ sexual exploitation, sexual abuse, sexual harassment (SEAH) to people impacted by MERF's funded activities
- give due consideration to, and where adverse impacts are unavoidable, do not allow adverse impact to fall disproportionately on, persons in vulnerable positions and situations and marginalized populations, groups, and individuals, including women and girls, local communities, ethnic minority groups/ indigenous peoples, and other marginalized groups of people and individuals that are affected or potentially affected by MERF-financed activities and are especially vulnerable to exploitation or other potentially harmful unintended project impacts
- enhance equitable access to development benefits
- prioritize our efforts for opportunities to maximize positive impacts to drive value creation.

MERF requires all its portfolio companies to take measures to safeguard its employees and relevant communities from GVBH/ SEAH risks. MERF considers the risks associated with GBVH/ SEAH at all stages of the investment process, through assessing the potential risks during the pre-investment due diligence, aligning actions to avoid cases of GBVH/ SEAH, measures to mitigate GVBH/ SEAH risks, and adopting measures to respond to and address reported or

³⁸ Further information is provided in the ESMS (Annex 6).

suspected cases. MERF requires that a worker grievance mechanism and an external grievance mechanism with specific provisions for cases of GBVH/ SEAH, to be developed and implemented by all portfolio companies, in accordance with international best practices. Portfolio companies will also receive training on safeguarding and GBVH prevention and they will be offered technical assistance for updating or revising their policies in accordance with best practices, as appropriate. The provisions will ensure that the mechanism is survivor-centred and gender-responsive and provides timely access to redress, and ensures appropriate safeguards and support provided to witnesses, as well as other stakeholders, e.g. whistleblowers. MERF also requires that those who are involved in handling GVBH/ SEAH cases are well trained in accordance with international practices.

Gender-related Support at the Portfolio level

The scope and approach for the gender-related support has been designed to ensure that the whole MERF portfolio complies with the MERF's environmental and social requirements, as well as GCF Gender Policy, and the GCF guidelines on SEAH risks and being in line with MERF's gender investing strategy and contributing to the intended gender goals. Gender-focused support therefore will be instrumental in supporting investees in managing gender-related risks, maximizing their gender impacts and achieving their gender objectives, which ultimately contributes to the program's objectives.

As outcomes of the pre-investment screening and due diligence process, the MERF has an understand of the investee companies' capacity and commitment, potential risks and opportunities for gender mainstreaming. The MERF and investee companies will then align on a gender action plan, which is to address gender issues, mitigate gender-related risks, as well as promote gender mainstreaming within the context of the investment. Based on that, the MERF will consider tailored package of support to be provided to portfolio companies.

In particular, the focus of the gender-related support will be on:

- Implementation of the investees' GAPs.
- Continuous compliance with social and gender safeguarding standards.
- Developing and strengthening gender-related strategies, policies and procedures. Particular emphasis will be placed on key workplace policies and practices, including SEAH and GBVH prevention.
- Capacity building to improve the investees' practices, in which all investee companies will be able to benefit from support in the form of webinars and thematic trainings, for instance.
- Gender data collection and reporting: ensuring that all companies regularly and appropriately track their gender data so that MERF can assess the alignment with the 2X Criteria.

Monitoring and Reporting Progress towards Gender Equality

All investee companies will be required to submit gender-related metrics as part of the ongoing monitoring and reporting. All investees report:

- On a regular basis on the GAP implementation progress, annually at a minimum or at the agreed frequency

- MERF reviews gender milestones on an annual basis, at a minimum
- On an annual basis, investees report the impact metrics, including gender data within 45 days of the end of each calendar year.

During due diligence and contracting phases, the investment-specific gender assessment and the development of the GAP will inform the identification of specific indicators and metrics to measure success and to assess alignment with 2X criteria. The 2X Criteria [reference guide](#) will be used as a basis to determine quality indicators at the investment level (e.g., related to health and well-being, equal care, equal pay opportunities, supply chain commitments etc.) that will be used to track progress towards the achievement of gender goals.

A Sample of Gender-related KPIs collected on the MERF investee companies (for more details, see Annex 6)			
Full-time employees	Total:	Female:	Male:
Part-time employees	Total:	Female:	Male:
Probation/ Trainee	Total:	Female:	Male:
Third party workers	Total:	Female:	Male:
# of employees who are underrepresented groups			
# of founders	Total:	Female:	
Shares owned by female (%)			
# of Board members	Total:	Female:	
# of employees in Senior Management roles	Total:	Female:	
# of employees received professional trainings	Total:	Female:	
# of suppliers	Total:	Female:	
# of customers	Total:	Female:	
CSR activities and initiatives aimed at increasing the gender diversity, gender balance, reaching women customers etc.			
Incidents occurred in the reporting period (disaggregated by sex)	# of cases, # of people affected and gender of people affected		

Country-level Assessments

Vietnam

Overview of Gender Equality and Gender Gaps in the Country

Like many countries, gender equality remains an ongoing challenge across various sectors, including agriculture, forestry, and land-use management. In 2024, Vietnam ranked 72th place out of 146 countries with a score of 0.715 for the Global Gender Gap Index. Despite progress in recent years, significant gender gaps persist, influencing access to resources, decision-making power, and overall economic opportunities.

Viet Nam has made certain efforts to ensure the full and equal participation of women in political and economic fields, which was reflected in the growing proportion of female deputies of the People's Councils at all levels; higher percentage of female members of the National Assembly; and increased percentage of female owners of businesses, etc. In addition, there have been positive improvements in sexual and reproductive health care for women. However, certain limitations still persist such as: the remarkably high and rising imbalance in sex ratio at birth resulting from a strong preference for male children; the relatively high rate of child marriage and early childbearing among ethnic minority women; the persistence of violence against women and children. Despite the improvements, women are still disproportionately bearing the weight of unpaid care and domestic work. All the while, the infrastructures to support the care for children, the sick, people with disabilities and the elderly are largely limited. These factors contribute to women's ability to participate in the labor market.³⁹

Despite legislative advancements, challenges remain in achieving full gender equality in Vietnam. Gender stereotypes and traditional cultural norms continue to influence societal attitudes towards women's roles and opportunities. Women are underrepresented in leadership positions in both the public and private sectors, reflecting persistent barriers to women's advancement. Violence against women, including domestic violence and trafficking, remains a concern. While Vietnam has laws criminalizing domestic violence and human trafficking, implementation and enforcement gaps persist. Cultural and social stigma often deter victims from seeking legal recourse or support services.

National Policy Environment and Legal Framework for Gender Equality and Women Empowerment

In Vietnam, the legal status of women has undergone significant evolution over the years, reflecting broader societal changes and efforts towards gender equality. Vietnam has made commendable progress in enhancing the legal status and rights of women, anchored in its constitutional commitment to gender equality. Legislative reforms, supported by policy initiatives

³⁹ Vietnam, 2023, Voluntary National Review 2023 on the Implementation of the Sustainable Development Goals (Summary Report)

and civil society efforts, have contributed to improving women's access to education, healthcare, and economic opportunities. Despite these achievements, challenges such as gender stereotypes, violence against women, and underrepresentation persist, requiring continued commitment from all stakeholders to achieve full gender equality.

The Constitution of the Socialist Republic of Vietnam, adopted in 1992 and amended in 2013, lays the foundation for gender equality. Article 26 explicitly states that "men and women have equal rights in all fields," establishing a constitutional guarantee of gender equality. This constitutional provision serves as the basis for subsequent legislative and policy measures aimed at promoting women's rights and combating gender-based discrimination.

Text box 1: Extract from Constitution

Article 26:

1. Male and female citizens have equal rights in all fields. The State shall adopt policies to guarantee the right to and opportunities for gender equality.
2. The State, society and family shall create the conditions for women to develop comprehensively and to advance their role in society.
3. Gender discrimination is prohibited.

Viet Nam was the second country in the Asia Pacific region to ratify the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1979, the "Platform for Action" agreed at the 1995 Fourth World Conference on Women in Beijing, several International Labor Convention (ILO), including Convention No. 100 and No. 111, the Millennium Development Goals (MDGs) adopted in 2000, including MDG 3 which focuses on promoting gender equality and empowering women, and Sustainable Development Goals (SDGs), particularly Goal No. 5 which aims to achieve gender equality and empower all women and girls by 2030.

Furthermore, the government has implemented legal reforms to promote gender equality across sectors. For instance, the Law on Gender Equality approved in 2006 and amended in 2015 mandates equal opportunities for men and women in political, economic, cultural, and social fields. The law prohibits discrimination based on gender and promotes gender mainstreaming in all policies and programs. The Law on Marriage and Family, last amended in 2014, addresses various aspects of family life, including marriage, divorce, parental rights and inheritance. Amendments have aimed to enhance gender equality within the family unit, such as equal rights in property ownership and inheritance. The Land Law of 2023 emphasizes equal access to land rights and opportunities for women and men, aiming to address historical disparities and ensure equitable land tenure security. The Law on Vietnamese Nationality (2014) ensures equal rights for Vietnamese women and men in matters of nationality acquisition, retention, and transmission. In the employment relationship, Vietnam's Labor Code ensures equal rights and opportunities for men and women in the workplace. It prohibits discrimination in hiring, promotion, and remuneration based on gender. Maternity rights are also well-protected under Vietnamese law. Pregnant employees are entitled to paid maternity leave, with provisions for up to six months, ensuring job security and income during this period.

The Vietnamese government has developed a National Strategy for Gender Equality and Action Plans that set out specific goals and measures to advance gender equality. This strategy aim to address key issues such as women's economic empowerment, access to education and healthcare, and participation in decision-making processes. The country's gender equality

strategy 2021 – 2023 targets the share of the female workforce engaged in agriculture sectors reduces to below 30% in 2025 and below 25% in 2030 of the total female workforces.

Key Policies on Climate, Agricultural, Forestry Sectors and their Mentions of Gender Equality or Women’s Economic Empowerment

Gender appears to be most integrated into climate policies in the agriculture sector. The clear and obvious impact of climate change to agriculture has led to the development of several measures to reduce the climate impact to agricultural production; in the process, gender issues have received more attention than in other sectors.⁴⁰

The following key policies reflect Vietnam's commitment to integrating gender equality and women's economic empowerment into environmental and rural development agendas, ensuring that women benefit equitably from sustainable development initiatives.

Policies/ Regulations	Summary
National Strategy on Gender Equality	This strategy aims to promote gender equality across all sectors, including climate, agriculture, and forestry. It emphasizes mainstreaming gender perspectives into policies, programs, and projects related to environmental sustainability and rural development, ensuring women's empowerment and equal participation
National Target Program on Climate Change Response (NTP-RCC), according to Decision No 158/2008/QĐ-TTg, dated 2 December 2008	The NTP-RCC aims to strengthen Vietnam's resilience to climate change impacts through various initiatives, the NTP-RCC mentions that response to climate change should be carried out following the principle of sustainable development, encompassing sectors and inter-sector links, regions and inter-regional links, gender equality, and hunger eradication and poverty alleviation. It emphasizes gender mainstreaming in climate change adaptation and mitigation efforts to ensure women's active participation and benefit from related programs
National Climate Change Adaptation Plan for the 2021-2030 period with a vision by 2050	The National Climate Change Adaptation Plan aims to improve the effectiveness of climate change adaptation, improve the resilience and adaptation capacity of communities, economic sectors and ecosystems, and reduce disaster risks and minimize damage in order to be ready to cope with disasters and extreme climate events increased due to climate change. The Plan emphasizes the importance of improving capacity, empowering women and promoting gender equality in climate change adaptation.
National Target Program on New Rural Development and National Target Program for	This program promotes sustainable agricultural practices, rural infrastructure development, and poverty reduction in rural areas. It includes provisions to enhance women's

⁴⁰ UN Environment Programme, UN Women and ISPONRE, the State of Gender Equality and Climate Change Assessment Report in Vietnam, 2021


Policies/ Regulations	Summary
Sustainable Rural Development (SPR)	participation in agricultural cooperatives and access to resources, aiming to empower rural women economically
Forest Sector Development Strategy 2021-2030	This strategy outlines Vietnam's approach to sustainable forest management, biodiversity conservation, and community livelihood improvement. It integrates gender considerations by promoting women's participation in community forest management committees and ensuring equitable access to forest resources and benefits

Key Demographic Trends

Population

According to Viet Nam’s General Statistics Office⁴¹, in 2023, Viet Nam has approximately 100.3 million people, in which women comprised of 50.1% and men comprised of 49.9%. In Southeast Asia, Viet Nam is the third most populous country in Southeast Asia (after Indonesia and the Philippines) and the fifteenth most populous country in the world⁴². As of 2023, the vast majority of the population (61%) still lives in rural areas.⁴³

Poverty and Income

SDG 1	Chosen Indicators	Values ⁴⁴
	<ul style="list-style-type: none"> • % of population at international poverty line • % of population at national poverty line • % of population at lower middle income class poverty line • % of population at upper middle income class poverty line • % of population at severe multidimensional poverty • Annualized GDP per capital growth • Annualized consumption growth per capita from household survey • Growth of the annual median income/ consumption per capita 	<ul style="list-style-type: none"> • 1.0% (2022) • 4.3% (2022) • 4.2% (2022) • 19.7% (2022) • 1.3% (2022) • 4.91% (2016 – 2022) • 2.78% (2016 – 2022) • 2.56% (2016 – 2022)

Today Viet Nam is one of the fastest growing economies, transforming from high poverty post war to a vibrant and modern economy. According to the Voluntary National Review 2023⁴⁵, Vietnam continues to be on track for SDG1. Viet Nam’s multidimensional poverty rate tends to decrease

⁴¹ <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2023/12/thong-cao-bao-chi-ve-tinh-hinh-dan-so-lao-dong-viec-lam-quy-iv-va-nam-2023/>, accessed on 12 July 2024

⁴² United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Population Reference Bureau (PRB)

⁴³ <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=VN>, access on 14 July 2024

⁴⁴ The World Bank Group, April 2024, Poverty and Equity Brief, East Asia and Pacific, Vietnam

⁴⁵ Vietnam, 2023, Voluntary National Review 2023 on the Implementation of the Sustainable Development Goals (Summary Report)


sharply, from 9.2% in 2016 to 4.3% in 2022. The multidimensional poverty rate among children declined from 19.1% in 2016 to 11.7% in 2020.

Despite impressive economic growth, however, challenges remain in ensuring inclusive economic development, particularly with regard to gender equality, and narrowing the income gap between the rich and poor. The income of population groups increased from 3.1 million VND/month/person in 2016 to 4.2 million in 2020, but the income growth rate of the poorest group is always lower than that of the richest group, so the gap between rich and poor increasingly increasing. Income inequality among classes of the population is decreasing as the GINI coefficient, which is a measure of income inequality, has shown varying trends over the years but generally indicates moderate income inequality in Vietnam, decreases from 0.393 in 2010 to 0.368 in 2020 and 0.361 in 2022⁴⁶. In urban areas, people are more equal and easier to access development opportunities in terms of education and work skills through education, so income inequality is always lower than in rural areas. In 2016, the GINI coefficient in urban areas was 0.391, decreasing to 0.325 in 2020, this index in rural areas was 0.408 and 0.373 respectively, according to the General Statistic Office.

By geography, households in communes located in high mountainous areas are dramatically poorer.⁴⁷ While there has been a longstanding association between geography and poverty, it may still be surprising just how significantly higher poverty is in high mountains compared to other geographic areas. The poverty rate in high mountains is almost 36 percent, compared to 7.6 percent in the low mountains

According to the World Bank⁴⁸, poverty rates are high among households who receive the majority of their agriculture income from forestry, and households most engaged in crop cultivation and that rely on staples. For 84% of poor households in agriculture, the main agricultural income sources are rice, staples, livestock, and forestry. Among agricultural households, poverty rates are lowest among those who receive the majority of their incomes from land leasing, fruit, or aquaculture.

Health

SDG 3	Chosen Indicators	Values
	<ul style="list-style-type: none"> • Life Expectancy, both sexes • Life Expectancy, Male • Life Expectancy, Female • Maternal Mortality Rate • Under-five Mortality Rate • Disability, Total • Disability, Male • Disability, Female 	<ul style="list-style-type: none"> • 75 (2022)⁴⁹ • 70 (2022)⁵⁰

⁴⁶ <https://data.worldbank.org/indicator/SI.POV.GINI?locations=VN>, accessed on 14 July 2024

⁴⁷ The World Bank, 2022, Vietnam Poverty and Equity Assessment, from the Last Mile to the Next Mile

⁴⁸ The World Bank, 2022, Vietnam Poverty and Equity Assessment, from the Last Mile to the Next Mile

⁴⁹ World Bank, 2022, Life expectancy at birth, total (years) – Vietnam. Accessed 14 July 2024. <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=VN>

⁵⁰ World Bank, 2022, Life expectancy at birth, total (years) – Vietnam. Accessed 14 July 2024. <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=VN>

SDG 3	Chosen Indicators	Values
		<ul style="list-style-type: none"> • 79 (2022)⁵¹ • 46 (2020)⁵² • 22 (2022)⁵³ • 3.7% (2019)⁵⁴ • 11.1 (2016)⁵⁵ • 13.4 (2016)⁵⁶

According to the Voluntary National Review 2023⁵⁷, Viet Nam has been continuously improving its policy system to ensure healthy lives and enhance welfare for people at all ages from infants to children, the elderly, women and men, and the general public. The Government of Viet Nam has demonstrated its commitment to promoting gender equality in healthcare through the enactment and implementation of several national policies. For example, Article 17 of the Gender Equality Law (2006) explicitly provides for equality between women and men in participation and decision making related to health care. This has been reinforced through the 2011-2020 National Strategy on Gender Equality, and then the 2021 – 2030 National Strategy on Gender Equality, with the fourth objective dedicated to ensuring gender equality both in access to and benefitting from healthcare services. Furthermore, other policies, including the Strategy for Protection, Care and Improvement of People’s Health for the period 2011-2020 with a vision to 2030, the Strategy for Population and Reproductive Health period 2011-2020, the National Plan for Safe Motherhood (NPSM) 2003-2010, and the ongoing Family Planning Programme have been enacted to ensure people’s and especially women’s access to health care services, Reproductive Health Law, enacted in 2003 and revised in 2009, emphasizes reproductive rights, access to contraception, and maternal healthcare services, aiming to reduce maternal mortality rates and improve women’s overall health.

Viet Nam was one of the few nations to meet the health-related Millennium Development Goals (MDGs) by 2015, and there has been remarkable improvements over the last decade⁵⁸. However, Viet Nam still faces difficulties and challenges in achieving SDG 3, especially the targets of

⁵¹ World Bank, 2022, Life expectancy at birth, total (years) – Vietnam. Accessed 14 July 2024. <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=VN>

⁵² <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=VN&skipRedirection=true&view=map>. Accessed 14 July 2024

⁵³ <https://data.worldbank.org/indicator/SH.DYN.MORT?locations=VN&skipRedirection=true&view=map>. Accessed 14 July 2024

⁵⁴ General Statistic Office, 2019, National Census Survey (The proportion of people aged 5 years and over with disabilities)

⁵⁵ National Survey on People with Disabilities, 2016, Some difficulty in one of the six domains in the population aged 18 and above

⁵⁶ National Survey on People with Disabilities, 2016, Some difficulty in one of the six domains in the population aged 18 and above

⁵⁷ Vietnam, 2023, Voluntary National Review 2023 on the Implementation of the Sustainable Development Goals (Summary Report)

⁵⁸ UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam


maternal and child health care in ethnic minority and mountainous areas; the high unmet need for contraceptives, especially among young female migrants⁵⁹.

Average life expectancy at birth has risen steadily from 74 in 2012 to 75 in 2022, with women’s life expectancy an estimated 9 years longer than that of men’s⁶⁰.

Disparities in maternal and child health are prevalent. As of 2019, the under-five mortality rate in rural settings was more than double that in urban areas, at 25.1 and 12.3 per 1,000 live births, respectively. Moreover, the rate of under-five mortality for boys at 27.3 per 1,000 live births is significantly higher than that of girls, at 14.2 per 1,000 nationwide⁶¹. The disparities in maternal and child health status are highest in mountainous regions where a larger proportion of ethnic minority groups reside, and these are areas with economic disadvantages and limited access to quality healthcare facilities.

In 2019, the total fertility rate was 2.09, with rural areas being higher at 2.26 children and urban settings at 1.83 children per woman. The rate decreased to 1.9 children per woman in 2022⁶². The Prime Ministerial Decision issued in 2020 was to promote the national birth rate, in regions where it is low. A range of incentives were prescribed for men and women to marry before the age of 30 years and for women to have their second child before the age of 35 years⁶³. These include income tax reductions, support for rent or the purchase of social housing, and children will be given priority in admission to public schools. This program would have a discriminatory impact on people who opted not to marry or marry young or have two children. With women’s culturally ascribed caregiving role, the effect of this decision would also impact on their life choices and economic participation.

Education

SDG 4	Chosen Indicators	Values
	<ul style="list-style-type: none"> • Literacy rate, adult total (% of population) • Literacy rate, adult female (% of population) • Literacy rate, adult male (% of population) • Primary completion rate, male • Primary completion rate, female • Lower secondary completion rate, male • Lower secondary completion rate, female 	<ul style="list-style-type: none"> • 96% (2022)⁶⁴ • 95% (2022)⁶⁵

⁵⁹ Vietnam, 2023, Voluntary National Review 2023 on the Implementation of the Sustainable Development Goals (Summary Report)

⁶⁰ World Bank, 2022, Life expectancy at birth, total (years) – Vietnam. Accessed 14 July 2024. <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=VN>

⁶¹ UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam

⁶² The World Bank, <https://databank.worldbank.org/reports.aspx?source=2&country=VNM>, accessed on 14 July 2024

⁶³ Prime Minister Decision 588/QĐ-TTg Approving the Programme on adjusting the fertility rate suitably with subjects and regions until 2030, dated 28 April 2020

⁶⁴

<https://data.worldbank.org/indicator/SE.ADT.LITR.ZS?end=2022&locations=VN&skipRedirection=true&start=1979&view=chart>. Accessed 14 July 2024

⁶⁵

<https://data.worldbank.org/indicator/SE.ADT.LITR.ZS?end=2022&locations=VN&skipRedirection=true&start=1979&view=chart>. Accessed 14 July 2024

SDG 4	Chosen Indicators	Values
	<ul style="list-style-type: none"> Upper secondary completion rate, male Upper secondary completion rate, female 	<ul style="list-style-type: none"> 97% (2022)⁶⁶ 98% (2022)⁶⁷ 99% (2022)⁶⁸ 84% (2022)⁶⁹ 90% (2022)⁷⁰ 51% (2022)⁷¹ 65% (2022)⁷²

According to the Country Gender Equality Profile Vietnam 2021⁷³, having an educated population has been an enduring, high priority of the Government of Viet Nam. This was reaffirmed in the National Strategy for Education to 2023 with vision to 2045 and the Law on Education (2019), whereby the Government committed to an open, fair and equitable education system, serving lifelong learning, moving towards standardization, modernization and international integration. Vietnam also has numerous policies that aim to ensure equal participation in the education and training between men and women, such as the 2011 – 2020 National Strategy on Gender Equality, then the 2021 – 2030 National Strategy on Gender Equality. As a result, Viet Nam has achieved positive results in the implementation of SDG4, as reported in the Voluntary National Review 2023.⁷⁴

According to Vietnam Education Fact Sheet 2022, Vietnam has a high primary completion rate, completion rates decline somewhat for lower secondary education, and then quite steeply for upper secondary education. Girls have higher completion rate across all levels. According to the Country Gender Equality Profile Vietnam 2021, the Gender Parity Index for enrolment and the Net Enrolment Rate reveals the higher rate of girl's enrolment at primary and upper secondary levels. It has been explained that boys are more likely to drop out of upper secondary school in Viet Nam because of gendered expectations around male wage earning and the family.

Table 3 - Net enrolment rate, by education level and sex. Source: Viet Nam household living standard survey, 2018

	Female	Male
--	--------	------

⁶⁶ <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS?end=2022&locations=VN&skipRedirection=true&start=1979&view=chart>. Accessed 14 July 2024

⁶⁷ UNICEF, GPE KIX, VNIES, 2022, Vietnam Education Fact Sheet 2022, Analyses for learning and equity using Vietnam SDGCW Survey Data

⁶⁸ UNICEF, GPE KIX, VNIES, 2022, Vietnam Education Fact Sheet 2022, Analyses for learning and equity using Vietnam SDGCW Survey Data

⁶⁹ UNICEF, GPE KIX, VNIES, 2022, Vietnam Education Fact Sheet 2022, Analyses for learning and equity using Vietnam SDGCW Survey Data

⁷⁰ UNICEF, GPE KIX, VNIES, 2022, Vietnam Education Fact Sheet 2022, Analyses for learning and equity using Vietnam SDGCW Survey Data

⁷¹ UNICEF, GPE KIX, VNIES, 2022, Vietnam Education Fact Sheet 2022, Analyses for learning and equity using Vietnam SDGCW Survey Data

⁷² UNICEF, GPE KIX, VNIES, 2022, Vietnam Education Fact Sheet 2022, Analyses for learning and equity using Vietnam SDGCW Survey Data

⁷³ UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam

⁷⁴ Vietnam, 2023, Voluntary National Review 2023 on the Implementation of the Sustainable Development Goals (Summary Report)

	2016	2018	2016	2018
Primary	97.0	97.4	97.1	97.2
Lower Secondary	91.6	92.7	89.3	91.6
Upper Secondary	73.6	76.7	63.7	67.7

Behind gender parity at an aggregate level, there was a notable difference in the rate of school-aged children failing to attend school across urban and rural areas, as well as between socio-economic regions. In 2019, the rate in rural areas was 1.7 times higher than that of urban areas at 9.5% and 5.7%, respectively⁷⁵. Women in the poorest households have the lowest literacy rate, at 84.2%⁷⁶. Gender gaps at postgraduate level are pronounced⁷⁷ because women face obstacles in the pursuit of further study such as marriage, childbirth and the fulfilment of family responsibilities. Gender inequalities in educational outcomes exist for children and youth from ethnic minority groups, and for those with disabilities, according to the Country Gender Equality Profile Vietnam 2021. The lowest literacy rate in Viet Nam is found among ethnic minority women (83.2%)⁷⁸.

According to the Information Technology Human Resources Market 2020 Report of VietnamWorks InTECH, women accounted for only 11% of people studying information technology in Việt Nam.⁷⁹ At the Hanoi University of Science and Technology, a leading educational institution in STEM, girls make up for only 22% of total students. This is reflective of the traditional expectations and stereotypes impressed upon girls and boys when it comes to choices regarding course of study. Women constitute about 26% of the workforce in the technology sector in Vietnam. This indicates a strong presence, though challenges remain in achieving parity.⁸⁰

There continue to be several issues that impact gender equality in education sector. These include gender norms and stereotypes and the streaming of girls and boys into 'suitable' fields of study. The absence or lack of a comprehensive gender mainstreaming approach throughout the education system restricts efforts within the system to promote gender equality. Finally, a systematic collection and use of sex-disaggregated data in education and training is hindering progress in this area.

⁷⁵ General Statistic Office, 2019, Vietnam Population and Housing Survey 2018

⁷⁶ United Nations, 2016, Vietnam Gender Briefing Kit

⁷⁷ In 2019, women held 28% of doctoral degrees. General Statistic Office, 2019, Vietnam population and Housing Survey

⁷⁸ United Nations, 2016, Vietnam Gender Briefing Kit

⁷⁹ Information Technology Human Resources Market 2020 Report of VietnamWorks InTECH. VIETNAMWORKS publishes the report on: It human resource of the 2010s and 2020 & launching Vietnamworks Intech - Navigos Group. (n.d.). <https://www.navigosgroup.com/vietnamworks-publishes-the-report-on-it-human-resource-of-the-2010s-and-2020-launching-vietnamworks-intech-n34.html>

⁸⁰ STEM Education for Women and Girls. Kenan Foundation Asia. (2023, July 7). <https://www.kenan-asia.org/vietnam/stem-women-and-girls/>

Political Participation

For more than a decade now, Viet Nam has issued normative documents and policies to promote gender equality in political participation. The country has achieved significant progress in increasing women's participation in leadership and management within the political system and state administration. Women currently make up 30.26 percent of the deputies in the National Assembly - the highest proportion in more than two decades.

Article 26 of the Constitution clearly recognizes that men and women enjoy equal rights in all fields. This has been reinforced in Article 11 of the Law on Gender Equality (2006), which includes recognition of gender equality in the field of politics, at all administrative levels, and to ensure an 'appropriate proportion...in accordance with national gender equality goals' (Article 11).⁸¹ At the same time, Viet Nam has other ambitious goals on women's empowerment and women's leadership. The Resolution 26-NQ/TW in 2018 of the Communist Party of Vietnam sets targets for women's representation by 2030 for Party Committees at all levels (25 percent), and for National Assembly and People's Councils at all levels (35 percent). The country's Gender Equality Strategy 2021-2030 set targets that by 2025, 60% of state agencies and local governments must have women in key leader positions, rising to 75% by 2030. Lastly, the Law on Election of Deputies to the National Assembly and People's Councils (2015) introduced the quota that at least 35% of total official candidates for the National Assembly and People's Council are women (Articles 8(1) and 9(1)(2)).

In the recent 2021 elections, the proportion of women National Assembly deputies increased to 30.26%, the first time that Viet Nam crossed the critical threshold identified as necessary for women to have a visible impact on decision-making process. Women's participation is extremely low in the more powerful committees, such as Security and Defense (6.25%), Economic (8.8%), Finance and Budget committees (15.2%)

According to the Country Gender Equality Profile Vietnam 2021, women account for 33% of Party members. Women's representation within the Executive Committee of the Communist Party is lower, with women accounting for less than 20% and 10% at the local and central committee levels, respectively. For the term 2020-2025, among 63 provinces, nine women were selected as provincial Party Secretaries (14.3%)⁸². Women's representation in executive government remains very low, with only 3 of 22 ministries and ministerial-level agencies, headed by a woman⁸³. As of May 2024, women were no longer present in the top four highest leadership positions of the country. The Report on the Implementation of the National Strategy of Gender Equality 2011-2020 by UN Women⁸⁴, the Ministry of Labor, Invalids and Social Affairs (MOLISA) and Australia Aid found that all three targets on women's political leadership were not achieved.

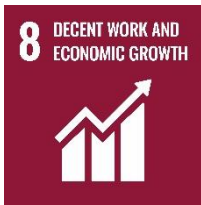
⁸¹Ramla Khalidi, Resident Representative UNDP in Viet Nam. (2022, October 20). The path toward gender parity in politics in Viet Nam. UNDP. <https://www.undp.org/vietnam/blog/path-toward-gender-parity-politics-viet-nam>

⁸² UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam

⁸³ Current data on the Government members, <https://chinhphu.vn/chinh-phu-duong-nhiem-68345>. Accessed on 14 July 2024

⁸⁴ UN Women, MOLISA, Australia Aid, Report on the Implementation of the National Strategy on Gender Equality 2011 - 2020

Women's Economic Participation and Entrepreneurship

SDG 8	Chosen Indicators	Values
	<ul style="list-style-type: none"> • Number of labor force, total • Labor force participation rate (%), total • Labor force participation rate (%), male • Labor force participation rate (%), female • % employment in agriculture, female • % employment in agriculture, male • Vulnerable employment (%), female • Vulnerable employment (%), male • Wage and salaried workers (%), female • Wage and salaried workers (%), male 	<ul style="list-style-type: none"> • 56,149,382 (2023)⁸⁵ • 73% (2023)⁸⁶ • 78% (2023)⁸⁷ • 68% (2023)⁸⁸ • Not available • 32% (2022)⁸⁹ • 57% (2022)⁹⁰ • 47% (2022)⁹¹ • 41.7% (2022)⁹² • 50.4% (2022)⁹³

According to the Voluntary National Review 2023⁹⁴, Vietnam has made certain efforts to ensure the full and equal participation of women in political and economic fields, which was reflected in the growing proportion of female deputies of the People's Council at all levels, increased percentage of female owners of businesses, etc.

The unemployment rate in the female population is slightly higher than in male populations, with some differences across regions. Labor force participation rate is 79.1% female and 86.4% male. Every year only 48% of women entering the labor force find jobs, and gender gaps remain when it comes to compensation (in 2015, the average income of a man was at least 10.1% higher than

⁸⁵ <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?locations=VN>. Accessed 16 July 2024

⁸⁶ Labor force participation rate, total (% of female population ages 15+) (modeled ILO estimate) - Viet Nam, https://data.worldbank.org/indicator/SL.TLF.CACT.FE.NE.ZS?locations=VN&name_desc=true. Accessed on 16 July 2024

⁸⁷ Labor force participation rate, male (% of male population ages 15+) (modeled ILO estimate) - Viet Nam, https://data.worldbank.org/indicator/SL.TLF.CACT.FE.NE.ZS?locations=VN&name_desc=true. Accessed on 16 July 2024

⁸⁸ Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate) - Viet Nam, https://data.worldbank.org/indicator/SL.TLF.CACT.FE.NE.ZS?locations=VN&name_desc=true. Accessed on 16 July 2024

⁸⁹

<https://data.worldbank.org/indicator/SL.AGR.EMPL.MA.ZS?end=2022&locations=VN&skipRedirection=true&start=1991&view=chart>. Accessed 16 July 2024

⁹⁰ <https://data.worldbank.org/indicator/SL.EMP.VULN.FE.ZS?locations=VN&skipRedirection=true>. Accessed 16 July 2024

⁹¹ <https://data.worldbank.org/indicator/SL.EMP.VULN.MA.ZS?locations=VN&skipRedirection=true>. Accessed 16 July 2024

⁹² <https://data.worldbank.org/indicator/SL.EMP.WORK.FE.ZS?locations=VN&skipRedirection=true>. Accessed 16 July 2024

⁹³ <https://data.worldbank.org/indicator/SL.EMP.WORK.MA.ZS?locations=VN&skipRedirection=true>. Accessed 16 July 2024

⁹⁴ Vietnam, 2023, Voluntary National Review 2023 on the Implementation of the Sustainable Development Goals (Summary Report)

that of a woman with the same qualifications). Furthermore, the salary of men with vocational training is 15% higher than those of women with the same level of education.⁹⁵

The unemployment rate in 2024 was 1.43%, with female unemployment at 1.28% and male unemployment at 1.57% (General Statistics Office of Vietnam).

Rural women in the labor force are less likely to be paid workers than urban women (32% for rural women compared to 54% for urban women) and more likely to be engaged in unpaid labor (32% compared to 12%). Rural women are almost three times more likely than rural men to be engaged in unpaid labor (11% for rural men). A large segment of this unpaid labor involves contributing to small farm enterprises.⁹⁶

According to the Country Gender Equality Profile Vietnam 2021, while the gender gap in labor force participation is narrower in Viet Nam than the global and regional average, it does still exist. Despite high labor force participation (70.9% of Vietnam's working-age women were in the labor force), women in Vietnam still face unequal opportunity to engage in economic activities compared to men. According to ILO⁹⁷, women continue to form a large majority of the working poor, earn less income, and are more often affected by under- and un-employment and precarious working conditions than men. Women in Viet Nam are principally found in lower paid occupational sectors or in vulnerable employment. Women's position in the labor market is largely affected by socio-economic disadvantages caused by gender-based discrimination. Vietnamese women often have less access to productive resources, education, and skills development and labor market opportunities than men. In great part, this is because society assigns both a lower status and most of the unpaid care work to Vietnamese women, and expects them to engage in productive work in subsistence agriculture and the market economy

In Vietnam as elsewhere, the economy remains 'a gendered structure'⁹⁸. According to the Country Gender Equality Profile 2021⁹⁹, gender stereotypes affect women's economic participation, and women face formal and societal barriers for participating on a par with men. Factors such as care responsibilities and being disproportionately represented in more flexible but lower paid, 'lower skilled' segments of the labor market undermines women's position in the economy and resilience in the future. Data confirms that intersecting forms of discrimination and disadvantage compound the difficulties faced by certain groups of women, such as women living with disability, migrant women, ethnic minority women and those living in rural areas, single mothers, as well as older and elderly women. These groups of women typically face greater barriers to opportunities, and lower returns on their labor and market engagement.

⁹⁵ UN Women (2021). The state of gender equality and climate change in Viet Nam. Available at https://asiapacific.unwomen.org/sites/default/files/Field%20Office%20ESEAAsia/Docs/Publications/2021/04/publication_vietnam%20report_digital2%20%281%29.pdf

⁹⁶ General Statistic Office, 2019, Labor Force Statistics Quarter 1 2018, cited in the Country Gender Equality Profile 2021

⁹⁷ ILO, <https://www.ilo.org/regions-and-countries/asia-and-pacific-deprecated/viet-nam/areas-work/equality-and-discrimination-viet-nam>. Access 16 July 2024

⁹⁸ UN Women, 2016, Towards Gender Equality in Viet Nam: Making Inclusive Growth Work for Women

⁹⁹ UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam

Access to Finance

In terms of access to commercial finance, the IFC (2017)¹⁰⁰ estimated that the financing gap for women-owned enterprises in Viet Nam was USD 1.12 billion. This represents a significant shortfall of capital, hampering the growth of women-owned enterprises. The IFC also found that commercial banks themselves do not consider women-owned SMEs as principal customers but rather as potential customers. There is, therefore, no significant immediate incentive to assist women-owned SMEs. The IFC study (2017) highlighted and dispelled myths attached to women entrepreneurs, including financial preferences, including: (i) women are more risk averse than men in seeking finance; (ii) women have other priorities and are less likely to pay back loans; (iii) women have lower financial management skills than men and require more education. The CEDAW Committee has raised concerns about the limited access to financial resources faced by most women in the agricultural and informal sectors, as well as by older women and women from ethnic minorities.

Social and Gender Norms

In Vietnam, traditional social-cultural norms have historically dictated distinct roles for men and women. Rooted in Confucian values and reinforced through generations, these norms placed men as the primary providers and decision-makers within the family and society. Women, on the other hand, were expected to prioritize domestic duties and uphold virtues such as modesty and obedience. Gender stereotypes influence what types of career paths women can or cannot engage in. For example, The Ministry of Labor, Invalids and Social Affairs' decree (2013) lists 77 jobs that are legally prohibited to women to "protect women from jobs that are considered dangerous". Additionally, young girls are often discouraged from pursuing STEM education because it is considered more "appropriate" for boys and men. This division was reflected in educational opportunities, employment prospects, and leadership positions, where men were typically favored. Research has found that gendered social norms limit the extent to which Vietnamese women seek promotion, take on leadership roles or negotiate their share of unpaid caring work.¹⁰¹ For instance, on average, women spend 314 minutes and men spend 190 minutes per day on unpaid care and domestic work. A study on the social determinants of gender inequality in Viet Nam (ISDS, 2015) found that while progress has been made in many areas, the value of the role of family caregiver assigned to women is still firmly sustained in the minds and behavior of Vietnamese men and women across all social strata. The burden of unpaid care work as a barrier for women's participation in the labor market. These findings have been validated in recent research that shows that the caregiving norm interacts also with the gendered attitudes towards women and the roles they are expected to play. Not only women are expected to be primarily responsible for caring children and elderly, but men are more suitable leaders in the workplace and they are more suitable for technical jobs than women.

¹⁰⁰ International Finance Organisation (IFC). 2017 Women-owned enterprises in Vietnam: Perceptions and Potential

¹⁰¹ CARE (2020) Investigating gendered social norms affecting women's economic participation related to recruitment and promotion in Vietnam . Available at <https://www.care.org.vn/wp-content/uploads/2020/07/Investing-in-Women-2020-final.pdf>

Access to Land

As reported in the Viet Nam Household Living Standards Survey (VHLSS) 2014, in particular, the proportion of jointly titled cropland rose from 11.6 to 38.3% while the rate of jointly titled residential land increased from 15.7 to 55.6%. Nonetheless, even though the rate of Land Use Right Certificates (LURCs) titled solely to men dropped significantly in the ten-year period from 2004 to 2014, men are still more likely to be the sole land/ house owner when compared with women. In 2014 regarding LURCs for cropland, the rate of sole female owners was a third of that of male owners, constituting 46% per cent and 15.7%, respectively. Additionally, women are more likely to be the sole holders of LURCs in female-headed households (e.g. unmarried, widowed, or divorced women). Of married couples, only 6.2% of LURCs were registered solely in the woman's name, as compared with 39% registered in the man's name.

A 2020 study with 2,567 Vietnamese men, found lower rates of sole land ownership overall, but a six-fold chasm between the proportion of female and male sole owners of land and/or residence, at 4.5% and 28.2%, respectively¹⁰².

Reasons for gender gaps in land use rights lie in the persistence of traditional socio-cultural practice regarding land division and succession; the local practice of reconciliation which focuses on resolving a couple's disputes, to maintain peace; low educational levels and limited familiarity with legal procedures can also undermine women's entitlement to land and property even in matrilineal groups; insufficient availability of legal aid for women to access justice, in general, and their land rights, particularly in rural settings.¹⁰³

Women's Participation in the Agricultural and Forestry Sectors

With 65% of the population living in rural areas, the agricultural, forestry and fishery sector remains vital to the country's economy and Sustainable Development Goals, representing 15% of the country's GDP in 2019¹⁰⁴. According to ADB¹⁰⁵, Vietnam's agriculture and natural resource sector produces 20% of merchandise exports and the country is now the world's second largest exporter of rice and coffee. In Vietnam, agriculture provides a socially stabilizing role in face of volatile macroeconomic conditions, providing the country a reliable, affordable, and increasingly diversified source of food. While the sector is dominated by rice, there is increased diversification into perennial tree crops and other industrial crops, which provide raw materials for a growing agro-processing sector for domestic consumption and export markets.

¹⁰² ISDS. 2020. Men and Masculinities in a Globalising Viet Nam. Cited in the Country Gender Equality Profile Vietnam 2021

¹⁰³ UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam

¹⁰⁴ General Statistic Office, 2019, Statistical Data: National Accounts. Cited in the Country Gender Equality Profile Vietnam 2021

¹⁰⁵ ADB (Asian Development Bank), 2022, Agriculture, Natural Resources and Rural Development Sector Assessment, Strategy and Road Map – Vietnam 2021 – 2025

Particularly in agricultural activities, from crop cultivation to livestock management, the female labor force participation rate in agriculture in Vietnam is approximately 23.9% in 2023¹⁰⁶. According to the Country Gender Equality Profile 2021, ethnic minority men and women are predominantly employed in agriculture, with 81% employed in agriculture, as compared to 38% for the majority Kinh population. For 33 out of 53 ethnic minority groups surveyed in 2015, over 90 to 100% of people were employed in agriculture. Employment in agriculture is particularly high for ethnic minority women, with 84% employed in agriculture, compared to 79% for ethnic minority men.¹⁰⁷ Meanwhile, the poorest income groups, particularly ethnic minority groups, are the most likely to depend on forest-based livelihoods¹⁰⁸.

Agricultural sector employment remains characterized by limited earnings and few worker protections, within which women and ethnic minority groups are particularly disadvantaged¹⁰⁹. Both women and men in agriculture earn less than in other sectors of the economy. However, the gap between women and men's earnings is highest for agriculture with women earning only 70% of what men earn, as compared to women earning 90% of what men earn in industry and construction and 84% in services.

Women and ethnic minority groups have less access to the technical training that is needed as the agricultural economy becomes less labor intensive and more knowledge-based. Only 5% of men and 3% of women agricultural workers were trained with technical qualifications¹¹⁰. Close to 90% of rural women in the workforce have no qualification compared to just over 80% of rural men.¹¹¹ Only 6.1% of ethnic minority workers complete programs to acquire technical qualifications, just a third of the rate for the majority Kinh population. The rate of skilled ethnic minority women is even lower at 5.7%.

Women's contribution to agricultural labor is often undervalued because the household is regarded as the main unit of production and women's control over land, the main unit of production, is not officially recognized¹¹². Women have less information to be able to participate in decisions about production investments, quality control and their link to price and marketing decisions.¹¹³

In terms of forestry, forestry land is more often registered to male household family members which further undermines women's role in the sector. A study by the Center for International Forestry Research (CIFOR) highlights that women are often involved in non-timber forest product collection, such as gathering fuelwood and medicinal plants, which are essential for household

¹⁰⁶ International Labor Organization. "ILO modelled estimates database" ILOSTAT. https://ilostat.ilo.org/data/country-profiles/?ref_area=VNM. Accessed July 2024

¹⁰⁷ UN Women, 2015, Figures on Ethnic Minority Women and Men in Viet Nam: Based on the Socio-economic Situation of 53 Ethnic Minority in Viet Nam 2015

¹⁰⁸ UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam

¹⁰⁹ UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam

¹¹⁰ General Statistic Office, 2018, Gender Statistic, cited in the Country Gender Equality Profile 2021

¹¹¹ General Statistic Office, 2018, Gender Statistic, cited in the Country Gender Equality Profile 2021

¹¹² UN Women, Australia Aid, ADB, ILP, 2021, Country Gender Equality Profile, Vietnam

¹¹³ Oxfam, 2016, Identifying Gender Inequalities and Possibilities for Change in Shrimp Value Chains in Indonesia and Viet Nam

livelihoods but are rarely monetarily compensated or recognized in official statistics. Due to their gender differentiated roles, women and men have different types of forest-based knowledge. However, women's participation in decision making and leadership positions in forestry is low at both national, local and community level.¹¹⁴

Relevant Programs and Initiatives in Vietnam Aimed at Strengthening Women Farmers' Resilience

1. Vietnam Women's Union (VWU): The VWU has been active in promoting gender equality and empowering women through various programs. One such initiative includes providing microfinance and training to women farmers to enhance their agricultural productivity and financial independence. VWU also focuses on improving women's knowledge and skills in sustainable agricultural practices and entrepreneurial activities.
2. International Fund for Agricultural Development (IFAD): IFAD's projects in Vietnam emphasize enhancing the resilience of rural women through climate-smart agriculture. These projects provide women with access to resources, training, and technologies to adapt to climate change and improve their livelihoods. IFAD's initiatives also include promoting women's involvement in value chains by improving their access to markets and financial services.
3. Australian Centre for International Agricultural Research (ACIAR): ACIAR supports several projects aimed at empowering women in agriculture and forestry. These projects focus on providing women with training in sustainable agricultural practices, agroforestry, and aquaculture.

ACIAR's programs also aim to improve women's access to value chains and enhance their participation in decision-making processes within their communities.

4. CIFOR-ICRAF (Center for International Forestry Research and World Agroforestry): CIFOR-ICRAF's projects in Vietnam emphasize the role of women in agroforestry systems. They provide training to women farmers on integrating trees with crops and livestock, which helps in enhancing biodiversity and improving soil health. The organization also focuses on increasing women's participation in forestry value chains and promoting gender-sensitive approaches in tree selection and planting.
5. USAID's Vietnam Forests and Deltas Program: This program aims to reduce emissions from deforestation and forest degradation while enhancing community resilience. It includes specific components targeting women's involvement in forest management and value chains. Training programs under this initiative equip women with skills in sustainable forest management, agroforestry, and climate-resilient agricultural practices

Gender-Based Violence and Harassment

Violence against women or gender-based violence (GBV) in Vietnam is one of the most pervasive human rights violations globally, and in Vietnam. The National Study on Violence Against Women in Viet Nam (2019) ("VAM") reveals that one in four women (26.1%) in Viet Nam who had ever been married or married/partnered mentioned that she had experienced

¹¹⁴ FAO, 2015, Understanding Women's Position in Forestry in Vietnam

physical violence from a husband/partner during her lifetime (lifetime violence); Sexual violence by a husband/partner was experienced by 13.3 of women in Viet Nam in their lifetime; One in three women aged between 15 and 64 (32.0 per cent) experienced physical and/or sexual violence in their lifetime. Rates are higher in rural areas than in urban areas. Nearly half (47.0 per cent) have experienced emotional violence at least once in their lifetime; More than a quarter (27.3 per cent) of women experienced one or more acts of controlling behavior (a form of psychological abuse) by a husband/partner during their lifetime. When controlling behavior is combined with physical, sexual and emotional abuse, the violence rate becomes 60.2 per cent (nearing two thirds) during lifetime; Combining all five forms of violence by a husband/partner (physical, sexual, emotional, controlling behaviors, and/or economic), more than half (62.9 per cent) of ever-married/partnered³ women have experienced at least one of these forms of violence in their lifetime.

Globally, gender-biased norms and attitudes are a key driver of GBV, as well as one of the main barriers hindering its elimination. Vietnam is no exception. Over one third of women in Viet Nam hold attitudes supporting men as decision makers and the head of the household. More than half of the women interviewed (51.8 per cent) believe that a man is justified in beating his wife if she were unfaithful (45.2 per cent) or did not take “care of children” (27.0 per cent). These myths were also more strongly supported by people living in rural areas as compared with urban areas and among women with lower levels of education. Women who were victims of violence were also more likely to justify and excuse perpetration of violence by a husband/partner compared with women who have not experienced violence. Women who experienced physical violence by a husband/partner were asked if there were situations that led to or triggered their husband/partner’s violent behavior. Multiple triggers could be mentioned. The most commonly mentioned triggers were “family problem” (50.8 per cent) and “drunkenness” (40.9 per cent), followed by “money problems” (18.8 per cent).

Social and cultural silence and stigma is still rampant, often preventing the abused from raising their voice and reaching for help, according to the Country Gender Equality Profile 2021. The VAM 2019 found that half (49.6 per cent) of the women who had experienced physical and/or sexual violence by a husband/partner had never told anyone about it, and most women (90.4 per cent) did not seek help from formal services or authorities. Furthermore, policies on the prevention of GBV, especially VAWG, is relatively comprehensive. Nonetheless, there are gaps, especially with respect to marginalized women such as women with disabilities and ethnic minority women.

Lao PDR

Overview of Gender Equality and Gender Gaps in the Country

In 2024, Lao PDR ranked 89th place out of 146 countries with a score of 0.7 for the Global Gender Gap Index, dropped in ranking compared to the previous 2023 (drop 35 places). Gender equality in Laos has seen progress in recent years, particularly in legal reforms and policy measures.

Although almost equal to men in labor force participation, women’s average monthly income is just 77% of that of men, are overrepresented in low-skill occupations, and spend a disproportionate amount of time on unpaid family and care work. Just 21.9% of Members of

Parliament are women and the number is even lower in subnational levels (less than 2% of village heads are women). More than one third of ever-partnered women in Lao PDR reported experiencing one form of violence (physical, sexual, or psychological) in their lifetime (VAW Study, 2014) and less than 2% of women report it to authorities.¹¹⁵

Despite several achievements, gender inequality in Lao PDR is still a challenge and affects the main development areas in the country. These include: the cultural norms associated with a patriarchal society; limited awareness and acceptance of the importance of gender equality and women's rights; weak implementation of legal frameworks on gender equality and gender-based violence; gender-blind policy making process.¹¹⁶

National Policy Environment and Legal Framework for Gender Equality and Women Empowerment

Laos has taken significant steps towards gender equality and women's empowerment through various national policies and legal frameworks. Lao PDR ratified the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1981. The Constitution of Laos, revised in 2015, guarantees equal rights for men and women. It stipulates that the state shall protect the rights and interests of women and children, and promote gender equality. This constitutional provision lays the foundation for other laws and policies aimed at advancing gender equality:

- Law on Gender Equality 2019 establishes the principles, regulations, and measures to mainstream gender throughout laws and policies in all sectors (Article 1). It defines and guarantees gender equality (Article 2; Chapter 2, Articles 26–31) and gender mainstreaming (Article 3), and outlines important provisions amounting to temporary special measures, i.e., taking positive measures to redress historical disadvantages to women and create substantive equality with men (Chapter 1, Article 24).
- The key policy document guiding the promotion of gender equality and elimination of discrimination is the National Action Plan on Gender Equality 2021–2025. Its goals are to promote gender equality, raise public awareness, develop a gender responsive database, develop national policies and legislation that commit to international agreements on women's rights to which the Lao PDR is a party, and strengthen the structure and personnel of gender equality institutions.
- The other laws that mandate women's advancement and women rights are **Law on the Development and Protection of Women (2004)**, which is a cornerstone for gender equality and women's rights in Laos. It aims to prevent discrimination against women, ensure equal participation in political, economic, social, and cultural life, and protect women from violence. The law also includes provisions for maternity leave, equal pay for equal work, and protection from workplace discrimination and **Law on Preventing and Combating Violence against Women and Children (2015)**, which specifically targets gender-based violence. It defines

¹¹⁵ UNDP, [https://www.undp.org/laopdr/gender-equality-and-womens-empowerment#:~:text=Although%20Lao%20PDR%20ranks%20137,\(2021\)%20is%20at%20120](https://www.undp.org/laopdr/gender-equality-and-womens-empowerment#:~:text=Although%20Lao%20PDR%20ranks%20137,(2021)%20is%20at%20120). Accessed 25 July 2024

¹¹⁶ Laos Women's Union, 2019, National Review of Lao People's Democratic Republic (BPfA+25)

various forms of violence, including physical, psychological, and economic abuse, and sets out measures for prevention, protection, and support for victims. The law also establishes mechanisms for reporting and addressing incidents of violence

Key policies on Climate, Agricultural, Forestry Sectors and their Mentions of Gender Equality or Women’s Economic Empowerment

Due to the wide-ranging impacts of climate change, many laws and policies in Lao PDR are relevant to this topic, some of which are analyzed concerning the agriculture sector, and others regarding women’s access to assets. All but one of the laws and policies on climate change in the Lao PDR are not yet gender mainstreamed. They do not include mandates or mechanisms for special measures to achieve substantive gender equality.¹¹⁷ Meanwhile, laws and policies in the Lao PDR relating to agriculture lack reference to the essential concepts of equality and nondiscrimination, despite the significant barriers women face in accessing land and finance and participating in decision making in this area. A more systematic approach to gender analysis and mainstreaming in the Lao PDR climate change laws and policies and their implementation— informed by sex-disaggregated qualitative and quantitative data—would better support women’s resilience to climate change, while promoting women’s equal access to land and participation in decision making would strengthen women’s resilience to the impacts of climate change and disasters.

Policies/ Regulations	Summary
National Growth and Poverty Eradication Strategy (NGPES)	The strategy aims to improve agricultural practices for women and strengthen land tenure security by incorporating women’s customary land rights into land reallocation, titling and dispute settlement plans
National Agro-Biodiversity Program and Action Plan 2021–2025	It notes that men and women have different roles in and understandings of the management and use of agro-biodiversity resources, which “need to be fully incorporated in all biodiversity management plans” (2.1, p. 6). It does not mention the principles of equality and nondiscrimination.
Decree on Environmental Impact Assessments 2019	It includes provisions on participatory consultations and assessments that mainstream gender, such as the requirement for project owners to collect baseline information on gender and ethnicity-related issues (Article 13) and conduct assessments with management and monitoring plans relating to gender and ethnicity (Articles 22[7] and 36).
National Action Plan on Gender Equality (2021–2025) (NAPGE)	There are aspirational targets for capacity-building on gender equality for National Assembly members. There are also positive targets to promote equality and improve women’s resilience to disasters and increase the participation of women in climate change and disaster risk reduction.

¹¹⁷ ADB, 2022, Women’s Resilience in the Lao PDR


Policies/ Regulations	Summary
National Growth and Poverty Eradication Strategy (NGPES)	The strategy aims to improve agricultural practices for women and strengthen land tenure security by incorporating women’s customary land rights into land reallocation, titling and dispute settlement plans
Agriculture Development Strategy to 2025 and Vision to 2030	The strategy acknowledges the critical role of women in agriculture and includes measures to support women’s economic empowerment. It promotes access to agricultural resources, training, and technology for women farmers. Additionally, it emphasizes the need to address gender disparities in agricultural productivity and income

Key Demographic Trends

Population

Lao PDC has an ethnically diverse, largely rural population of about 7.6 million (2023), of which 49.7% percent are female¹¹⁸. While 68% of the population resides in rural areas,¹¹⁹ urbanization has expanded at an annual rate of 5.3 percent —among the fastest in Southeast Asia.¹²⁰ A majority of households are headed by men (86.9 percent).¹²¹ Female-headed households are more prevalent in urban areas (17.2 percent) than in rural areas (11.2 percent); the share of female-headed households is highest in Vientiane Capital (21.2 percent), Khammuan (20.4 percent), and Champasack (18.6 percent).¹²²

Poverty and Income

SDG 1	Chosen Indicators	Values ¹²³
	<ul style="list-style-type: none"> • % of population at international poverty line • % of population at national poverty line • % of population at lower middle income class poverty line • % of population at upper middle income class poverty line • % of population at severe multidimensional poverty • Annualized GDP per capital growth • Annualized consumption growth per capita from household survey • Growth of the annual median income/ consumption per capita 	<ul style="list-style-type: none"> • 7.1% (2018) • 18.3% (2018) • 32.5% (2018) • 70.5% (2018) • 10.3% (2018) • 5.62% (2012 – 2018) • 3.07% (2012 – 2018)

¹¹⁸ <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=LA>. Accessed 25 July 2024

¹¹⁹ Lao Statistics Bureau (LSB), 2017, Lao Social Indicator Survey II- Survey. Cited in USAID/LAOS Country-level Gender Analysis, 2022

¹²⁰ UN Habitat. 2016. World Cities Report. Cited in USAID/LAOS Country-level Gender Analysis, 2022

¹²¹ GOL. 2018. Lao Labor Force Survey 2017. Cited in USAID/LAOS Country-level Gender Analysis, 2022

¹²² This is defined as a household that does not have an adult male earning member and is headed by a woman who may have been widowed, separated, or deserted. GOL. 2018. Lao Labor Force Survey 2017. Ministry of Labor and Social Welfare. Cited in USAID/LAOS Country-level Gender Analysis, 2022

¹²³ The World Bank Group, April 2024, Poverty and Equity Brief, East Asia and Pacific, Lao PDC


		<ul style="list-style-type: none"> • 2.19% (2012 – 2018)
--	--	---

Inequality remains high and has risen in the last few years: the GINI index went from 35.4 in 2007, to 36 in 2016 and reached 38.8 in 2018.¹²⁴ Inequality is driven by a high concentration of consumption at the top of the distribution. The impact of COVID-19 on tourism, remittances and the labor market has further exacerbated the challenges experienced by the economy in previous years

Poverty remains remarkably higher in the rural areas, the share of urban poverty is rising, and the geography of poverty has changed in the last decade: the central region, historically the wealthiest, is now home to a much larger share of the poor, from 34% in 2012/2013 to 42% in 2018/2019. Poverty is higher among ethnic minority groups, and the Hmon Lu-Mien group is lagging significantly behind the others: poverty declined by 15% since 2012/2013, compared with a reduction by one third for the other groups.¹²⁵

Poverty is higher among male-headed households, however while the gap was almost 10% in 2012/2013, with 16% of female-headed households in poverty compared with 25% of male-headed households, that gap is now only 0.9%, which shows a much faster pace of poverty reduction among male-headed households. That can be explained by change in the average household size and the primary economic activity: 60% of male-headed household are engaged in farming activities, as opposed to 45% of female-headed households.¹²⁶

Health

SDG 3	Chosen Indicators	Values
	<ul style="list-style-type: none"> • Life Expectancy, both sexes • Life Expectancy, Male • Life Expectancy, Female • Maternal mortality ratio • Under-five Mortality Rate 	<ul style="list-style-type: none"> • 69 (2022)¹²⁷ • 67 (2022)¹²⁸ • 71 (2022)¹²⁹ • 126.1 (2020)¹³⁰ • 40.38 (2022)¹³¹

¹²⁴ World Bank Data Bank, Lao PDR: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=LA>. Accessed 25 July 2024

¹²⁵ World Bank, Lao Statistics Bureau, 2020

¹²⁶ World Bank, Lao Statistics Bureau, 2020

¹²⁷ World Bank, 2022, Life expectancy at birth, total (years) – Laos. Accessed 25 July 2024. <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=LA>

¹²⁸ World Bank, 2022, Life expectancy at birth, total (years) – Laos. Accessed 25 July 2024. <https://data.worldbank.org/indicator/SP.DYN.LE00.MA.IN?locations=LA>

¹²⁹ World Bank, 2022, Life expectancy at birth, total (years) – Laos. Accessed 14 July 2024. <https://data.worldbank.org/indicator/SP.DYN.LE00.FE.IN?locations=LA>

¹³⁰ Sustainable Development Report, Lao PDR. Accessed 25 July 2024

¹³¹ Sustainable Development Report, Lao PDR. Accessed 25 July 2024

Lao has made some remarkable progress in health in the last fifteen years. Life expectancy continuously increased until reaching 69 in 2022, maternal mortality was decreased, therefore meeting the MDG target, immunization rate has increased, and the Health Sector Reform (HSR) saw the introduction of the national health insurance, the reform of the health information system and the introduction of an essential service package. However, women and girls still face challenges and constraints:

Maternal mortality rates or MMRs: although MMR decreased to 126.1 deaths per 100,000 live births in 2020, compared with 905 in 1990, it is still above the regional average and far from the WHO and SDG goal of less than 70 per 100,000 births. The Lao PDR also has the highest maternal mortality ratio of all Association of Southeast Asian Nations countries.¹³² Only two thirds of births are delivered in a health facility and attended by a skill medical professional.¹³³ The World Bank reports that the proportion decreases significantly in rural villages without road access (38%), among the poorest wealth quintile (34%) and ethnic minority groups (43% for Chinese-Tibetan women). Likewise, while at the national level 44% of mothers and newborns receive post-natal care, the proportion is lower in the aforementioned groups: 24%, 27% and 23%, respectively¹³⁴

The Lao PDR has one of the highest rates of early marriage in the world—with one in four women aged 15–19 years old currently married—and the highest adolescent pregnancy in the region, with almost a quarter of girls aged 15–19 already having had a child¹³⁵. The high adolescent birth rate causes an intergenerational cycle of malnutrition, with almost half of girls aged 15–19 suffering from anemia¹³⁶. Chronic malnutrition is prevalent across all age groups in the Lao PDR, which also has a high prevalence of childhood stunting (44.2% of children), and worse child health and nutrition outcomes than other countries in the mainland Southeast Asia region.¹³⁷ These health outcomes are influenced by a range of factors including poverty, food insecurity, and gender inequality.¹³⁸

Disasters impact health outcomes in the Lao PDR as storms, flooding, and droughts impact agricultural production and adversely impact food security. Outbreaks of diseases such as diarrheal disease, malaria, and typhoid fever are prevalent in the Lao PDR partly due to these hazards, and the incidence of tuberculosis is the highest in the region. Major disasters—such as

¹³² Government of Lao PDR, 2018, Lao People's Democratic Republic: Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development

¹³³ Lao Statistics Bureau, 2018

¹³⁴ Lao Statistics Bureau, 2018

¹³⁵ Government of Lao PDR, 2018, Lao People's Democratic Republic: Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development


¹³⁶ Government of Lao PDR, 2018, Lao People's Democratic Republic: Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development

¹³⁷ UNDRR, 2019, Disaster Risk Reduction in Lao PDR: Status Report 2019

¹³⁸ Y. Kamiya et al. 2018. Mothers' Autonomy and Childhood Stunting Evidence from Semi-Urban Communities in Lao PDR, cited in ADB, 2022, Women's Resilience in Lao People's Democratic Republic

typhoon Haima in 2011, or the 2018 floods—worsen health outcomes due to damage to health-care facilities and destruction of livelihoods.¹³⁹

Education

SDG 4	Chosen Indicators	Values
	<ul style="list-style-type: none"> Literacy rate, adult total (% of population) Literacy rate, adult female (% of population) Literacy rate, adult male (% of population) Primary completion rate, male Primary completion rate, female Lower secondary completion rate, male Lower secondary completion rate, female Upper secondary completion rate, male Upper secondary completion rate, female 	<ul style="list-style-type: none"> 88% (2022)¹⁴⁰ 83% (2022)¹⁴¹ Not available 89% (2022)¹⁴² 89% (2022)¹⁴³ 58.1% (2022)¹⁴⁴ 58% (2022)¹⁴⁵ Not available Not available

Lao PDR has made significant progress in increasing literacy and education levels. The overall literacy rate increased from 72.7% (2005 Census) to 88% (2022). The literacy rate among young females (ages 15-24) reached an impressive 94%¹⁴⁶, indicating substantial progress in education for girls.

Table 4 School completion rates (2021). Source: World Bank Indicators

	Women	Men	Total
Primary	90.6	89.8	89%
Lower Secondary	60.5	61.1	60.8

The Education and Sports Sector Development Plan (2016-2020) set forth Objective 3 to achieve the Human Asset Index target necessary for exiting Least Developed Country status by reducing disparities in gender, disability, poverty, and ethnicity. A significant aim was to increase the secondary Gross Enrollment Ratio (GER) from 60% in 2015 to 75%. Following this, the National Action Plan on Gender Equality (2021-2025) focuses on improving the livelihoods of women and girls through economic empowerment and increased access to quality services, including education. Specific targets include achieving a Gender Equality Index (GEI) of school enrolment for students aged 5 between 0.97 and 1.03, and a GEI of 1.00 for Year-1 students passing early childhood education. Additionally, the overall re-enrolment rate of Year-5 students nationwide aims for a GEI of 0.97-1.03. By the end of the plan, the goal is for 54% of women to graduate

¹³⁹ Government of Lao PDR. 2018. Post-Disaster Needs Assessment (PDNA) 2018 Floods Lao PDR

¹⁴⁰ <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS?locations=LA>. Accessed 26 July 2024

¹⁴¹ <https://data.worldbank.org/indicator/SE.ADT.LITR.FE.ZS?locations=LA>. Accessed 26 July 2024

¹⁴² <https://data.worldbank.org/indicator/SE.PRM.CMPT.MA.ZS?locations=LA>. Accessed 26 July 2024

¹⁴³ <https://data.worldbank.org/indicator/SE.PRM.CMPT.FE.ZS?locations=LA>. Accessed 26 July 2024

¹⁴⁴ <https://data.worldbank.org/indicator/SE.SEC.CMPT.LO.MA.ZS?locations=LA>. Accessed 26 July 2024

¹⁴⁵ <https://data.worldbank.org/indicator/SE.SEC.CMPT.LO.FE.ZS?locations=LA>. Accessed 26 July 2024

¹⁴⁶ <https://data.worldbank.org/indicator/SE.ADT.1524.LT.FE.ZS?locations=LA>. Accessed 26 July 2024

from primary equivalency programs, 49% from lower secondary, and 40% from upper secondary and basic professional skills training. In vocational education, 80,000 students are expected to enroll, with 35% of graduates being women. Higher education aims to enroll 59,000 students, with women making up 49% of graduates, and more than 4,000 students graduating in natural science, engineering, and technology, with 35% being women⁸⁰

As of 2022, the literacy rate in Lao PDR was 87.52%⁸¹ with significant strides in female literacy. The literacy rate among young females (ages 15-24) reached an impressive 94%⁸², indicating substantial progress in education for girls.

In Lao PDR there are many more illiterate adults than adults who never attended school, pointing to failures of the education system to equip young people with needed skills. Rural schools especially lack qualified pre-primary and early primary teachers capable of addressing barriers to literacy in their classrooms.

Key informants cite that disparities based on ethnicity, residence, and socioeconomic status persist¹⁴⁷. The urban population is much better educated, with 66.3% having completed primary school or above, in comparison with less than 40% in rural areas. Key informants also note that girls tend to drop out beginning around fifth grade, especially in Hmong communities, where education for girls is less valued.¹⁴⁸ Illiteracy has decreased across generations, especially for males. Nearly half of women between 35 to 49 years are illiterate, in comparison with 28 percent of men in the same age range. Sex-based differences in literacy decrease among younger age groups, but even among the 15 to 17 age group there is a 6-percentage point gap between girls and boys (at 11 percent and 17 percent, respectively).¹⁴⁹

Regarding women in STEM, Laos currently has a 17% tertiary enrolment rate with 25% of majors focused on STEM subjects. However, no research has been carried out on the scope of women and girls in STEM in Lao PDR.¹⁵⁰

Political Participation

Penal Code No.26 (2017) states that “any person who discriminates against any woman, or who keeps separate from or prevents, or restricts the participation of any woman in political, economic, socio-cultural or family activities based on gender reasons, shall be punished by imprisonment from one year to three years and shall be fined from 1.000.000 Kip to 3.000.000 Kip”¹⁵¹

Women hold 22% of parliamentary seats, marking nearly a 20% increase in their political representation in the National Assembly since 1990. Despite these gains, women still face challenges in achieving equal representation, particularly in senior government positions, where

¹⁴⁷ USAID, 2022, Country-level Gender Analysis-Laos

¹⁴⁸ Ministry of Labor and Social Welfare , 2018, Lao Labor Force Survey 2017

¹⁴⁹ USAID, 2022, Country-level Gender Analysis-Laos

¹⁵⁰ Seameo secretariat. SEAMEO Secretariat. (n.d.). <https://www.seameo.org/>

¹⁵¹ UNDP Lao PDR gender equality strategy 2022- ... (n.d.-n). https://www.undp.org/sites/g/files/zskgke326/files/2022-11/undp_lao_pdr_gender_strategy_and_action_plan_2022-2026-signed.pdf

they comprised only 10% in 2018.¹⁵² Women represents 32.2% of seats in deliberative bodies of local government.

Women's Economic Participation and Entrepreneurship

In the labor force, women constitute 47% while men make up 53%. Employment distribution across sectors shows that in services, 23.26% of the workforce is engaged, with men representing 11.7% and women 11.75%. In the industry sector, which employs 7.18% of the workforce, men account for 4.77% and women for 2.82%. Agriculture, the largest employment sector, absorbs 69.57% of the workforce, with 37.1% being men and 32.9% women^{153 154}

The labor participation rate for women aged 15-64 is 59%¹⁵⁵, while the rate for men in the same age group is 70.8%¹⁵⁶. Unemployment rates for women are at 0.9%, compared to 1.5% for men.¹⁵⁷

Excluding civil servants, the employed population in Lao PDR is just over 1.44 million people. Of this population, 8% are employed in the formal sector, 45% in the informal sector, and 47% work in households. This indicates that nearly half of the workforce is engaged in informal employment, highlighting the significant presence of non-regulated labor activities.¹⁵⁸

In Lao PDR, women disproportionately bear the burden of unpaid work and unpaid care work, a trend consistent with global patterns. According to the 2015 population and housing census, 61% of women in the labor force were unpaid family workers compared to 26% of men. Despite this, women's labor force participation is comparable to men's, standing at 70.8% for women and 67.6% for men, indicating that women are equally engaged in the labor market but often in unpaid roles.¹⁵⁹

Access to financial services remains a challenge for certain segments of the population, particularly rural and low-income households, with 25% excluded from financial access. Women have slightly higher financial access at 76% compared to men at 72%.¹⁶⁰ In rural Laos, women are well integrated into financial decision-making at home, with 90% of financial decisions made jointly. However, female participation in village bank operations is less ideal, with only 25% feeling

¹⁵² Gender equality in Lao PDR. (n.d.-f). https://luxdev.lu/files/documents/Genre_LAO_vF.pdf

¹⁵³ Employment by economic sector in Laos 2022 - statista. (n.d.-b). <https://www.statista.com/statistics/804983/employment-by-economic-sector-in-laos/>

¹⁵⁴ Lao PDR . World Bank Open Data. (n.d.-l). <https://data.worldbank.org/country/lao-pdr>

¹⁵⁵ Labor force participation rate, female (% of female population ages 15-64) (modeled ILO estimate) - Lao PDR. World Bank Open Data. (n.d.-k). <https://data.worldbank.org/indicator/SL.TLF.ACTI.FE.ZS?locations=LA>

¹⁵⁶ Labor force participation rate, male (% of male population ages 15-64) (modeled ILO estimate) - Lao PDR. World Bank Open Data. (n.d.-l). <https://data.worldbank.org/indicator/SL.TLF.ACTI.MA.ZS?locations=LA>

¹⁵⁷ UN Women database for Lao. Available at <https://data.unwomen.org/country/lao-peoples-democratic-republic>

¹⁵⁸ International Labor Organization. ILO Brief: Understanding informality and expanding social security coverage in Lao People's Democratic Republic: A quantitative study of the labour force and enterprise landscape. January 2023.

¹⁵⁹ ADB. ADB Briefs No. 163. December 2020

¹⁶⁰ Bank of the Lao PDR. Financial Inclusion Roadmap (2018 – 2025). August 2019.

fully included. Challenges include a lack of confidence, literacy and numeracy barriers, and traditional role models that exclude women from full participation. Despite these obstacles, over 50% of women in village bank governing bodies feel well-integrated in decision-making processes, though many who feel excluded attribute this to their gender, with 85% citing low awareness of their capacities as a major barrier. A dominant aspect preventing equal voice is low awareness of own capacity and knowledge (55%).¹⁶¹

Social and Cultural Context

The cultural norms associated with a patriarchal society like Lao PDR make efforts toward gender equality challenging, with limited awareness and acceptance of women's rights, particularly in remote and mountainous areas. In these regions, women and girls face significant disadvantages, as men are typically viewed as the heads of households and represent their families at official meetings. Many women are illiterate and do not speak the national language used for education, which restricts their access to knowledge and opportunities. Social and cultural norms undermine women's confidence to express their opinions and participate in discussions, and they often lack basic meeting skills, such as taking turns to speak, hindering their ability to engage fully in village development activities.¹⁶²¹⁶³

The combination of illiteracy, language barriers, and prevailing social norms means that women frequently cannot participate fully in village development processes, preventing them from contributing to decisions that affect their lives and communities. As a result, women and girls remain underrepresented in local governance and development efforts, perpetuating a cycle of disadvantage and exclusion. Efforts to promote gender equality in Lao PDR must address these deep-rooted cultural norms and barriers by increasing awareness and acceptance of women's rights, especially in remote areas. Empowering women through education, improving their literacy and language skills, and promoting their participation in community activities are essential steps toward achieving gender equality and enhancing the overall development of these communities.

Access to Land

There are numerous Laws related to gender and land such as Forest Law and policy documents, Property Law, Family Law, Inheritance Law and Land Law (Mann 2008, 19 and Annex 5, Van Duin 2017). Gender equality is also safeguarded by Article 2 of the Family Law stating that men and women have equal rights in all aspects. The Inheritance Law promotes equality in the division of land between siblings regardless of Gender¹⁶⁴. Although the Land Law of 2003 has a specific

¹⁶¹ Microfinance in rural areas – access to finance for the poor - giz. Giz Deutsche. (n.d.). <https://www.giz.de/en/downloads/giz2014-en-financial-inclusion-gender-rural-areas.pdf>

¹⁶² Lao's Women Union. (2019, May). National Review of Lao People's Democratic Republic. UN Women. <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/CSW/64/National-reviews/Lao%20PDR.pdf>

¹⁶³ A better future for women in Laos. Oxfam International. (2022, May 25). <https://www.oxfam.org/en/better-future-women-laos#:~:text=Indeed%2C%20women%20and%20girls%20living,national%20language%20used%20for%20Education.>

¹⁶⁴ Cited in Women and Land Rights in Lao PDR, 2020

stipulation about women in Article 43 on land registration, stating that both names of husbands and wives must be included in the Land Register Book in the case of matrimonial property, unfortunately the Land Law 2019 no longer includes the protection clause for married women. Such circumstances indicate that titling may not add significant benefits to the protection of land rights of women.

A survey in 2018 showed that of a total of 224,000 land titles viewed, 70,000 are in the name of women, 50,000 in the name of men, 87,000 in both names and 14,000 in the name of others.¹⁶⁵

Women's land rights are closely linked to customary gender-based power systems in their culture. From a customary law perspective, women's land rights are determined mainly by whether a village is matrilineal or patrilineal in social structure. The former have women as the main land rights holders which is further refined by the number of children in a family, the age and number of females in the family and external factors such as land availability, migration and mobility, and other social and environmental factors. In patrilineal customary law systems women are not included in land inheritance patterns. Women in these systems gain land rights via men but can lose these rights when marriages dissolve or a husband passes away. Both above systems are influenced by many local factors so there can be exceptions and unique conditions for women's land rights.

Another significant influence on women's land rights is the agriculture system in which these are embedded. Reports and studies indicate that the processes of rural transformation in conjunction with new land policies might have an adverse impact on women's access to, and control and decision-making power over land. Expansion of roads, construction of buildings, resettlement, concessions to rubber plantations and leasing out land for sugarcane production are the main reasons for loss of land.¹⁶⁶

Women's Participation in the Agricultural and Forestry Sectors

The agricultural sector has been 'feminized' for decades, with women comprising just over 50 percent of the population economically active in agriculture since at least 1980 (World Bank, 2016). Despite women's heavy involvement in agricultural work, however, women face significant and persistent barriers to participating fully in the sector.¹⁶⁷

Overall for farming households, lowland or irrigated rice is the dominant seasonal crop, followed by upland rice and cereals (MAF and FAO, 2014). A greater percentage of female-headed farming households grow lowland/irrigated rice than do male-headed farming households (76.8% compared with 72.3%), and, general, female-headed agricultural households have a less diversified crop base than male-headed agricultural households (FAO and SIDA, 2010). Differences also exist in permanent crop choice, with female-headed households growing coffee most widely (grown by 29% of households) and male-headed households most widely growing rubber (33%) (MAF and FAO, 2014). For non-commercial agriculture, the predominant crop is sticky rice. In market gardens, the main agricultural products are vegetables and herbs such as pumpkin, beans, chilies, garlic, tomato, eggplant, sesame, and cabbage. Various types of

¹⁶⁵ Cited in the Women and Land Rights in Lao PDR, 2020

¹⁶⁶ Land Information Working Group (LIWG), 2020, Women and Land Rights in Lao PDR

¹⁶⁷ FAO, 2018, Country Gender Assessment of Agriculture and the Rural Sector in Lao PDR

livestock are also raised, including cattle, chickens, ducks, goats and pigs. Services for supporting raising of livestock, such as veterinarians or feedstock, are not widely available in rural areas, so livestock raising tends not to meet its full potential.¹⁶⁸

The shifting landscape of the agricultural sector from subsistence to market-based models, has unique – and potentially negative – impacts for rural women, many of whom face constraints in accessing markets due to limited mobility, literacy and, in the case of ethnic women, Lao language skills. Agricultural investment projects often undervalue women’s involvement, this can have unforeseen negative impacts on women, such as increasing their workload or diminishing the availability of non-timber forest products and (iii) Improving rural women’s education and literacy is, therefore, a necessary component of any intervention seeking to empower rural women and create gender equality.¹⁶⁹

Gender-based Violence and Harassment

In Lao PDR, 11.6 percent of ever-partnered women have experienced physical violence in their lifetime, with 4 percent experiencing it in the past 12 months. Additionally, 1.8 percent of ever-pregnant women faced physical violence during at least one pregnancy. Sexual violence has affected 7.2 percent of ever-partnered women over their lifetime, with 3.3 percent experiencing it in the past year. Emotional violence is even more prevalent, affecting 26.2 percent of ever-partnered women in their lifetime and 10.5 percent in the past year. The lifetime prevalence of experiencing both physical and sexual violence is 15.3 percent, while the overlap of physical, sexual, and/or emotional violence is 30.2 percent, indicating a significant number of women endure multiple forms of violence. Additionally, 34.8 percent of ever-partnered women have experienced controlling behaviors from their partners, and 6.8 percent have faced economic abuse.

Regarding non-partner violence, 5.1 percent of women have experienced physical violence since the age of 15, with the main perpetrators being female family members (34.9 percent), particularly mothers or stepmothers (26.8 percent), followed by female non-family members (26.4 percent), male family members (24.3 percent), and male non-family members (23.6 percent). Sexual violence by a non-partner since age 15 affected 5.3 percent of women, with 1.1 percent having experienced forced sexual intercourse. The prevalence of sexual abuse during childhood varied significantly depending on the questioning method, from 0.9 percent in face-to-face interviews to 9.9 percent when using cards, and 10.3 percent with a combination of methods. The overlap of partner and non-partner violence includes 14.4 percent experiencing physical violence, 10.9 percent sexual violence, and 20.2 percent facing either physical or sexual violence.¹⁷⁰

¹⁶⁸ Cited in FAO, 2018, Country Gender Assessment of Agriculture and the Rural Sector in Lao PDR

¹⁶⁹ FAO, 2018, Country Gender Assessment of Agriculture and the Rural Sector in Lao PDR

¹⁷⁰ National Review of Lao People’s Democratic Republic. (n.d.-j). <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/CSW/64/National-reviews/Lao%20PDR.pdf>

Conclusions

This gender assessment provides an overview of the key barriers and opportunities for closing gender gaps and contributing to gender equalities in the Lower Mekong Basin. The two countries present specific barriers for advancing gender equalities in the AFOLU sectors targeted by the MERF, and therefore a programmatic approach to ensure that each investment considers the specific situation of their context of implementation is needed.

The AFOLU sectors are a significant source of employment for women living in the two countries and gender equality and women's empowerment are used as guiding principles and a cross-cutting mandate for the MERF and its approach to gender lens investing. The MERF intends to support projects that have a positive impact on the lives of women and that have strong gender equality ambitions. To effectively address gender disparities, the MERF incorporates an explicit gender approach into its investment thesis, its performance objectives, and results measurement framework. This involves several key components:

1. **Mandatory Gender Assessments:** Each proposed project or program will include a comprehensive gender assessment to understand how it will impact men and women differently.
2. **Gender Action Plan:** Develop a fully costed, project-specific gender action plan that outlines steps to ensure gender equality and empower women, and that helps companies achieving business and impact objectives.
3. **Allocation of resources:** Allocate resources specifically for gender-related activities (see Gender Action Plan for this project) within the programme's budget to ensure that financial commitments are made towards achieving gender equality.
4. **Indicators and Measurement:** Establish clear quantitative and qualitative indicators to measure the project's contributions to gender equality. These indicators should track progress and outcomes related to gender-specific objectives. The alignment with 2X Criteria will ensure that the indicators of progress towards equality are in line with industry standards.
5. **Gender-Disaggregated Data:** MERF's investees will systematically collect and analyze data separated by gender to monitor the impact on men and women. This data will be crucial for assessing the effectiveness of gender-focused interventions and making informed adjustments as needed as they proceed in the GAP implementation.
6. **Knowledge creation and sharing of best practices:** Establish convening and events (virtual and in person) for investee companies to share their lessons learnt, and for the MERF to collect best practices, thus contributing to closing knowledge gaps about what works for women's inclusion in agriculture, forestry and aquaculture value chains.

By implementing these measures, the MERF can ensure that adaptation and mitigation efforts are equitable and effective, addressing the unique challenges faced by women and promoting gender equality in the two target countries. This approach not only supports women but also strengthens the overall resilience and sustainability of communities facing climate change.

The conclusions from this assessment have been used to develop the fund-level Gender Action Plan that incorporates a gender lens across all levels:

- **Fund-level:** activities to ensure that sex-disaggregated data collection and strong reporting is integrated, and aligned with ESG standards and 2X Criteria.
- **Portfolio-level:** support to identify gender opportunities (through the gender assessment), as well as investment-level GAP development for all participating companies. .
- **Country- and market-level:** activities to foster knowledge creation, participation and convening of stakeholders at the country level to ensure that lessons learned are shared and that collaborations are created.