Funding Proposal

FP307: Mekong Earth Regeneration Fund (MERF)

Lao People's Democratic Republic (the), Viet Nam | Deutsche Bank AG (Deutsche Bank) | Decision B.45/08

23 July 2026

GREEN CLIMATE FUND

Contents

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)	Not applicable		

A.4. Result area(s)

	GCF contribution	Co-financers' contribution[1]
Mitigation total	Enter number %	Enter number %
☐ Energy generation and access	Enter number %	Enter number %
☐ Low-emission transport	Enter number %	Enter number %
☐ Buildings, cities, industries and appliances	Enter number %	Enter number %
☒ Forestry and land use	40 %	40 %
Adaptation total	Enter number %	Enter number %
☒ Most vulnerable people and communities	25 %	25 %
☒ Health and well-being, and food and water security	10 %	10 %
☐ Infrastructure and built environment	Enter number %	Enter number %
☒ Ecosystems and ecosystem services	25 %	25 %

A.5. Expected mitigation outcome *(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)*	8,493,106 tCO_2eq	**A.6. Expected adaptation outcome** *(Core indicator 2: direct and indirect beneficiaries reached)*	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-finance[2])	USD 200,000,000	**A.9. Project size**	Medium (Upto USD 250 million)	
A.8. Total GCF funding requested	USD 50,000,000			

[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.

A.10. Financial instrument(s) requested for the GCF funding	☐ Grant Enter number ☐ Loan Enter number ☐ Guarantee Enter number	☒ Equity USD 50 million ☐ Results-based payment Enter number	
A.11. Implementation period	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.	**A.12. Total lifespan**	20 years for agroforestry/forestry projects (Different AFOLU investments/crops may have different productive lifetime.)
A.13. Expected date of AE internal approval	Click or tap to enter a date.	**A.14. ESS category**	I-2
A.15. Has this FP been submitted as a CN before?	Yes ☒ No ☐	**A.16. Has Readiness or PPF support been used to prepare this FP?**	Yes ☐ No ☒
A.17. Is this FP included in the entity work programme?	Yes ☒ No ☐	**A.18. Is this FP included in the country programme?**	Yes ☐ No ☒
A.19. Complementarity and coherence	Yes ☒ No ☐		

A.20. Executing Entity information	*Accredited Entity:* Deutsche Bank AktienGesellschaft AG 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. *Executing Entity:* • 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. <u>Mitigation</u>: 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)

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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 country[3]. 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 countries[4].

<u>Viet Nam</u>

12. Although Viet Nam has two large metropolitan areas, most of the population still reside in rural areas, approximately 64% in 2018[5]. 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 populations[6]. According to the ND-GAIN Country Index, Viet Nam ranks 100th out of 185 countries in climate preparedness. score of 0.426[7].
13. Climate change may force geographical shifts in the suitability of the LMR for several crops[8], 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).

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[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 Impasct 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.

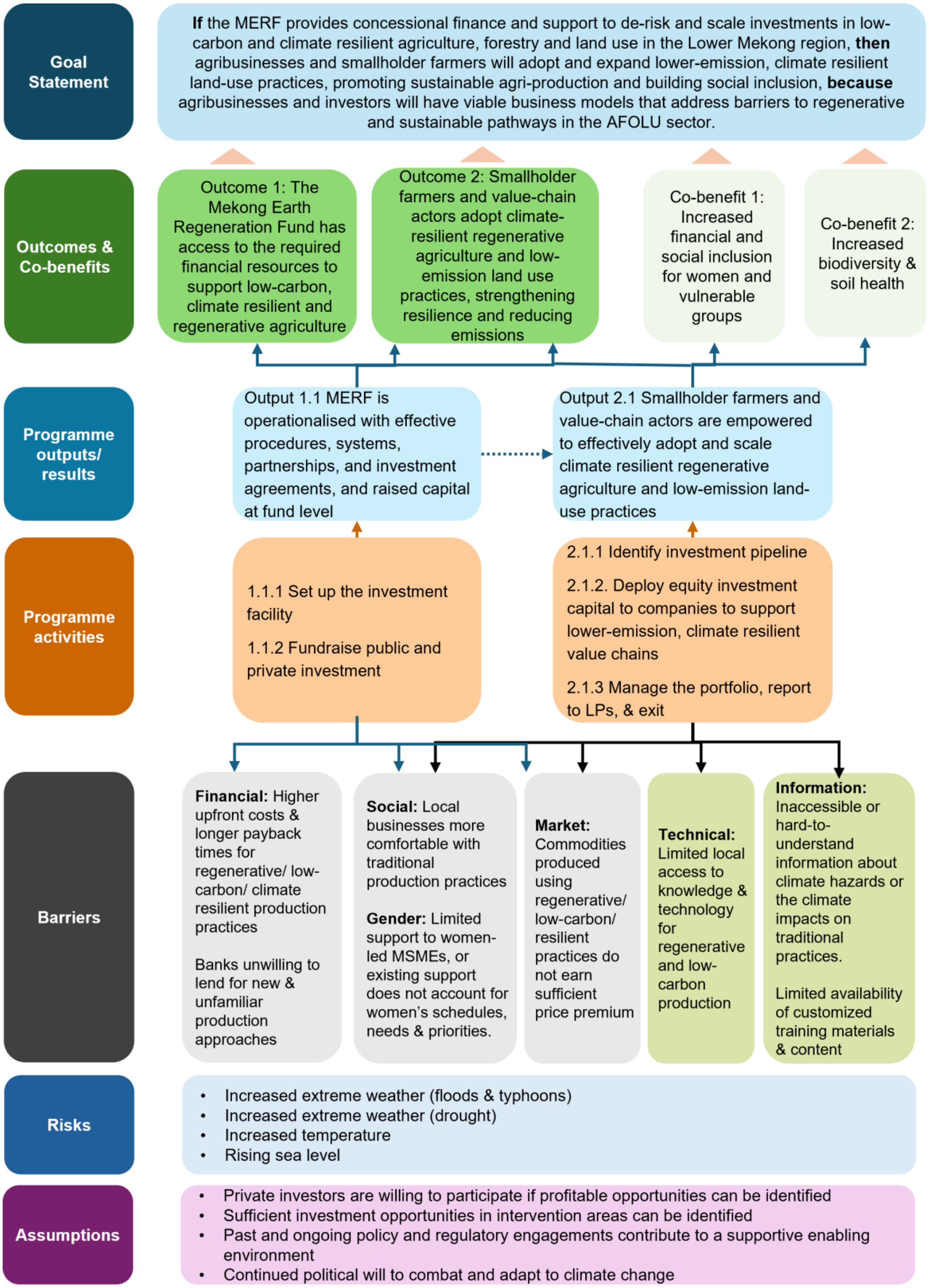

Figure 1 Theory of Change

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, citiies, 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	☐	☐	☐	☒	☒	☒	☐	☒
Outcome 2	☐	☐	☐	☒	☒	☒	☐	☒

Co-benefit number	Co-benefit					
	Environmental	**Social**	**Economic**	**Gender**	**Adaptation**	**Mitigation**
Co-benefit 1	☐	☒	☐	☒	☐	☐
Co-benefit 2	☒	☐	☐	☐	☐	☐

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	• 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	• 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: ○ 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	• 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	• 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:
    - Agriculture[57] 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 billions[10], 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 concessionality 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 concessionality

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 inwill 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	Enter amount	Enter years	Enter years	Enter %
(ii) Subordinated loans	Enter amount	Enter years	Enter years	Enter %
(iii) Equity	50 million USD ($)		12 years	Enter % equity return
(iv) Guarantees	Enter amount	Enter years		
(v) Reimbursable grants	Enter amount			
(vi) Grants	Enter amount			
(vii) Results-based payments	Enter amount			

(b) Co-financing information	Total amount	Currency
	150	million USD ($)

Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
Other Senior LPs	Equity	130	million USD ($)	12 years	Enter%	senior
GP and other Junior LPs	Equity	20	million USD ($)	12 years	Enter%	junior
Click here to enter text.	Options	Enter amount	Options	Enter years Enter years	Enter%	Options
Click here to enter text.	Options	Enter amount	Options	Enter years Enter years	Enter%	Options

(c) Total financing (c) = (a)+(b)	Amount	Currency
	200.0	million USD ($)

(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
Activity 1.1.1 Set up the investment facility with an Alternative Investment Fund Manager (AIFM) licensed in Luxembourg	*300,000*	*75,000*	*Equity*	*225,000*	*Equity*	*LPs - to be confirmed*
Activity 1.1.2 Fundraise USD150M from private and public investors	*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
Activity 2.1.1 Identify investment pipeline, conduct due diligence, etc. in pre-investment stage	*3,300,000*	*825,000*	*Equity*	*2,475,000*	*Equity*	*LPs - to be confirmed*
Activity 2.1.2 Deploy equity investment capital to companies to support lower-emission, climate resilient value chains	*149,000,000*	*37,250,000*	*Equity*	*111,750,000*	*Equity*	*LPs - to be confirmed*
Activity 2.1.3 Manage the investment portfolio, report to LPs, and exit at end of investment period	*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 ☐ No ☒
C.3.2. Does GCF funding finance technology development/transfer?	Yes ☐ No ☒

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 $MtCO_2e$ 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 CO_2e** 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	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	Promoting new business models that incentivize low-emissions resilient inputs, practices & technologies Promoting landscape-level natural resource management for hazard prevention (mangrove restoration, etc)	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 Mobilization of national & global funds through capital markets	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
	Reconfiguring food systems	Using equity investments as a lever to catalyze high-impact adaptation & mitigation in sustainably productive food systems	Promoting agroforestry and climate resilient varieties and approaches to build resilient food systems	Capitalization of private equity investment vehicle focused on climate & food security		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 Payments and incentives for ecosystem services Capitalization of private equity investment vehicle focused on climate & food security	Use of blended finance to mobilize private finance at scale Rigorous ESG impact measurement Mobilization of national & global funds through capital markets	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 forest enterprises Supporting private sector actors to mainstream climate risk in their business models, internal policies and investments	Monitoring, evaluation & learning to inform scaling Promoting public awareness & capacity building for scale
	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				
	Sustainable management of productive forest landscapes	Development of value chains based on sustainable management of productive forest landscapes (e.g. NTFPs)	Supporting the application of PES (e.g., carbon credits) to increase the financial viability of projects, where appropriate				

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 Mobilization of national & global funds through capital markets	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		Supporting private sector actors to mainstream climate risk in their business models, internal policies and investments	

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 theSustainable 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 adaption goals. Lao PDR NDC seeks innovative financial mechanisms blending public and private capital to mitigate risks and unlock private sector investment in climate projects[13]. Viet Nam's NDC seeks investment from international specialized funds such as GCF", and the domestic business sector and FDI[14]. 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.	Low	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	Low	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	Low	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

	minimum efficient scale to crowd-in commercial investors and operate sustainably		diversification in the portfolio to reduce risk and improve returns for commercial investors. This contributes to a virtuous circle of investment efficiency. 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.	higher-impact portfolio, while more efficiently covering the fixed and variable costs associated with fund management and support to investee companies

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]	
MRA4 Forestry and land use	Core 1: GHG emissions reduced, avoided or removed/sequestered	Annual GHG mitigation calculations using Tier 2 and Tier 3 data provided by investee companies. Independent monitoring, with mid-term and final impact evaluations.	0 tCO_2e	2.4 $MtCO_2e$ (cumulative)	8.5 $MtCO_2e$ (cumulative by end of year 12) (15.3 $MtCO_2e$ by end of 20-year investment lifetime)	Data sources and methodologies applied for estimating baseline and targets 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

[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.

						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).
ARA4 Ecosystems and ecosystem services	Core 4: Hectares of natural resources brought under improved low-emission and/or climate-resilient management practice	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
ARA1 Most vulnerable people and communities	Core 2: Direct and indirect beneficiaries reached	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.

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

		Evaluation including document cross-checking, site visits and third-party surveys and assessments		Male: 26,400	Male: 54,882	Initial targets estimated based on indicative investment pipeline. 99,786 farmers engaged by farmers and adopted improved and/or new climate-resilient practices. More details in Annex 23. Baseline is zero because only adoption as a result of MERF investment is counted. Target of 45% of farmer beneficiaries will be women
ARA2 Health, well-being, food and water security	Core 2: Direct and indirect beneficiaries reached	Annual reporting of E&S KPIs from investee companies. Evaluation including document cross-checking, site visits and third-party surveys and assessments	0	120,800 direct Female: 60,520 (50.1% female)	246,138 direct Female: 123,315 (50.1% female)	Based on assumptions about capital disbursement rates and business absorptive capacity. Economic and policy conditions remain conducive to adopting improved practices. Initial targets estimated based on indicative investment pipeline. More details in Annex 23. 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. 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. Baseline is zero because only adoption as a result of MERF investment is counted (See FP sections B.3 and D.4 for justification). Target of 50.1% of beneficiaries will be female to align with national sex ratios.
ARA2 Health, well-being, food and water security	Supplementary 2.2: Beneficiaries (female/male) with improved food security	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 Evaluation including document cross-checking, site visits and	0	120,800 direct Female: 60,520 (50.1% female)	246,138 direct Female: 123,315 (50.1% female)	Economic and policy conditions remain conducive to adopting improved practices. Initial targets estimated based on indicative investment pipeline. More details in Annex 23.

		third-party surveys and assessments				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. 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. Baseline is zero because only adoption as a result of MERF investment is counted (see FP sections B.3 and D.4 for justification). Target of 50.1% of beneficiaries will be female to align with national sex ratios.
TOTAL	Core 2: Direct and indirect beneficiaries reached	See ARA1 and ARA2	0 0	137,124 direct Female: 68,699 (50.1% female)	279,400 direct Female: 139,979 (50.1% female)	See ARA1 and ARA2 comments and assumptions above. To avoid double-counting smallholder farmers:

				15,000 indirect Female: 7,515	33,262 indirect Female: 16,664	- (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) - 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) - The neighboring farmers (33,262) to the engaged farmers are counted only once, under ARA1. (Indirect)

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**
Core Indicator 6: Degree to which GCF investments contribute to technology deployment, dissemination, development or transfer and innovation	Limited adoption of low-emission and climate resilient practices and technology	low	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	Multi-countries

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

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

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

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

						(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	Baseline soil conditions and to be assessed by investee companies once investment commences. Assumes no external impacts that counteract regenerative measures by investee companies and farmers. (Note: this co-benefit aligns with SDG 12 and SDG 15)

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	Sub-activity 1.1.1.1 Establish MERF Société en Commandite Spéciale (SCSp) a partnership incorporated in Luxembourg Sub-activity 1.1.1.2 Contract the AIFM licensed in Luxembourg Sub-activity 1.1.1.3 Contract the Advisor to provide investment advisory Sub-activity 1.1.1.4 Contract the Fund's Administrator to provide administrative services Sub-activity 1.1.1.5 Contract the Depositary to provide depositary service	Fund incorporation documents and legal agreements with vendors. Documentations of Fund's Limited Partners' Advisory Committee, and Investment Committees

		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	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 Sub-activity 1.1.2.2 Secure anchor investors for first close Sub-activity 1.1.2.3 Conduct outreach to secure capital from private investors via deal posting platforms and placement agents	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	Sub-activity 2.1.1.1 Deal sourcing and first meeting Sub-activity 2.1.1.2 Perform internal assessment on the companies Sub-activity 2.1.1.3 Conduct in-depth internal due diligence	Phase 0, 1, 2 investment memos Term Sheets
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	Sub-activity 2.1.2.1 Conduct external full due diligence Sub-activity 2.1.2.2 Address gaps identified during due diligence Sub-activity 2.1.2.3 Draw up and execute legal documents, and disburse capital	Phase 3 memo (DD findings, ESAP, Impact Action Plan, etc) Legal documents (Shareholder Agreement, Share Subscription Agreement, etc.)
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.	Sub-activity 2.1.3.1 Conduct periodic monitoring of contractual conditions 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	Phase 4, 5, 6 and periodical reports Annual investment and impact performance reports (including capacity building activities for smallholder farmers and value chain actors) Divestment memo

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

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

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
Technical and operational	Medium	Medium

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
Technical and operational	Low	Low

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
Other	Low	Low

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+

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		
Selected Risk Factor 4		
Category	**Probability**	**Impact**
Credit	Medium	High
Description		
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.		
Mitigation Measure(s)		
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.		
Selected Risk Factor 5		
Category	**Probability**	**Impact**
Forex	Low	Medium
Description		
MERF is a USD denominated fund and may be explosed to currency risk where commodities and investee returns are priced in local currency.		
Mitigation Measure(s)		
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.		
Selected Risk Factor 6		
Category	**Probability**	**Impact**
Other	Medium	High
Description		
Commodity / price risk: MERF invests in the agricultural and forestry sectors. Volatility in global commodity prices may affect the financial returns of portfolio companies.		
Mitigation Measure(s)		
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.		
Selected Risk Factor 7		
Category	**Probability**	**Impact**
Credit	Medium	Medium
Description		
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.		

Mitigation Measure(s)		
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.		
Selected Risk Factor 8		
Category	**Probability**	**Impact**
Governance	Medium	Medium
Description		
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.		
Mitigation Measure(s)		
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.		
Selected Risk Factor 9		
Category	**Probability**	**Impact**
Technical and operational	Medium	Medium
Description		
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.		
Mitigation Measure(s)		
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.		
Selected Risk Factor 10		
Category	**Probability**	**Impact**
ML/FT	Low	Medium
Description		
Risk that the Fund is misused for money laundering ("ML") and terrorism financing ("TF") or any other financial misconduct or crime.		
Mitigation Measure(s)		
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		

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
Technical and operational	Medium	Select

Description

Risk that the Fund fails to successfully exit the Fund's investments at Fund liquidation.

Mitigation Measure(s)

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.

Selected Risk Factor 12

Category	Probability	Impact
Technical and operational	Medium	Medium

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)

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.

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.

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:

- One experienced E&S expert as an Investment Committee member
- Two dedicated E&S professionals to the MERF team

These measures ensure that E&S risks are systematically identified, assessed, and managed throughout the investment lifecycle.

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**.

<u>Portfolio Management Roles and Responsibilities</u>

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 CDC[16], 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 Policy[17]. 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): **(ESS disclosure form provided)** ☐ 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.*