

## The Lab Call for Ideas Questionnaire Agriculture, Forestry, and Other Land Use (AFOLU) Complement

*This document is intended to provide additional guidance to proponents of ideas in the AFOLU sector in submitting ideas to the Lab.*

Questions	Additional information to include in submission responses for AFOLU-related ideas
<b>Eligibility</b>	
Fit with Lab priority sectors and regions	<ul style="list-style-type: none"> <li>▪ Citations / links to in-region studies, reports, assessments, or other evidence of alignment with sectoral / regional needs and sustainability opportunities</li> </ul>
<b>Overview</b>	
How the idea would mobilize finance	<ul style="list-style-type: none"> <li>▪ Diagram indicating major components of the instrument strategy including de-risking mechanisms for participants in financed activities (e.g. producers; SMEs)</li> </ul>
Source of cash flows to be generated to repay investors	<p>If the instrument strategy relies on:</p> <ul style="list-style-type: none"> <li>▪ Expanded <u>credit</u> to producers / SMEs: (i) comparison of instrument credit terms / tenor with existing local lenders; (ii) assessment of target borrowers' willingness / capacity to repay; (iii) complementary mechanisms, e.g. insurance against default</li> <li>▪ <u>Results-based payments / PES</u>: (i) relevant productivity / sustainability benchmarks and / or certification schemes operational in target areas, sector or value chain; (ii) anticipated 'buyers' of ecosystem services; carbon credits or offsets</li> <li>▪ A new <u>data tool / platform</u> or other <u>pay-per-service</u> model: (i) assessment of capacity to pay service fees among target users</li> </ul>
Type of climate action and estimated climate risks / impact in target context	<ul style="list-style-type: none"> <li>▪ If primarily <u>mitigation</u>: (i) summary of AFOLU elements of country NDC and any other major assessments;<sup>1</sup> (ii) citations / links to in-region, sector or value chain studies or reports that document credible AFOLU climate mitigation strategies</li> <li>▪ If primarily <u>adaptation</u>: (i) summary of AFOLU elements of country NAP; (ii) other major climate risk assessments or vulnerability maps; (iii) citations / links to in-region studies or reports that document validated AFOLU climate adaptation / resilience strategies and appropriate adaptation objectives<sup>2</sup></li> <li>▪ Any benchmark information or data to demonstrate potential impact</li> </ul>
Target countries for market testing / expansion	<ul style="list-style-type: none"> <li>▪ Citations / links to in-region studies, reports, assessments, or other evidence of scaling potential for instrument impact strategy including effectiveness / adoption rates / operation-level ROI / environmental viability for proposed production practices</li> <li>▪ In-region agronomic and value chain information (e.g. soil / vegetation maps; labor supply; road networks; variety registration / seed systems)</li> </ul>

<sup>1</sup> For example, FABLE 'Pathways to Sustainable Land-Use and Food Systems' for 20 countries [https://iiasa.ac.at/web/home/about/news/201203-2020-FABLE-Report\\_launch.html](https://iiasa.ac.at/web/home/about/news/201203-2020-FABLE-Report_launch.html)

<sup>2</sup> In some areas, increase strategies to boost resilience and mitigate risk will adequately address climate impacts, however, in other areas, climate change projections will indicate the need for AFOLU systems to transition to new production strategies due to fundamental shifts (e.g. novel precipitation / temperature regimes; sea level rise).

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<b>Innovation</b>	
Existing barriers to private finance in target sector / geography	<ul style="list-style-type: none"> <li>▪ Summary of outcomes and barriers from earlier AFOLU climate finance initiatives in target sector / region (e.g. low participation rate in credit / offtake programs)</li> <li>▪ Assessment of finance barriers including mapping of local finance system<sup>3</sup></li> </ul>
How the idea overcomes barriers and differs from / improves on existing approaches	<p>Describe:</p> <ul style="list-style-type: none"> <li>▪ Existing instruments that address the same barriers in different ways or in other regions/sectors. Explain how the submitted idea adds value</li> <li>▪ Financial de-risking strategy (e.g. by concessionary funders)</li> <li>▪ Regionally calibrated risk / valuation models that integrate environmental data and new data flows that will support targeting / risk-screening</li> </ul>
<b>Actionability</b>	
New legislation required for Idea to be operational or any legislative / regulatory barriers	<p>Describe:</p> <ul style="list-style-type: none"> <li>▪ Potential policy barriers (e.g. regulations; tariffs; taxes) and policy context for producers (e.g. land tenure security; registration systems)</li> <li>▪ Alignment of instrument strategy with government policies and priorities in target area (i.e. production targets; environmental goals)</li> <li>▪ Potential public support (e.g. subsidized credit programs)</li> </ul>
Risks, challenges, and mitigation strategies in implementing the pilot / expansion	<p>Describe instrument strategy for:</p> <ul style="list-style-type: none"> <li>▪ Improving capacity among local FIs for sustainable / inclusive finance</li> <li>▪ Cultivating bankable counterparties to provide integrated services to producers</li> <li>▪ Improving value chain aggregation mechanisms and infrastructure<sup>4</sup></li> <li>▪ Improving sustainability of current agricultural / supply chain practices</li> <li>▪ Expanding product marketing opportunities<sup>5</sup></li> </ul>
Capabilities / background of proponent's key team members	<p>Describe team experience with:</p> <ul style="list-style-type: none"> <li>▪ Climate / impact / blended finance and associated due diligence / administration</li> <li>▪ Developing value propositions, business models, and multi-sector partnerships for sustainable AFOLU projects / inclusive finance</li> </ul> <p>Describe team capacity for:</p> <ul style="list-style-type: none"> <li>▪ Leveraging local presence, business connections, and / or multi-sector network</li> <li>▪ Using / developing deep local knowledge (e.g. value chains; environmental / socio-economic conditions; regulatory / trade context)</li> <li>▪ Achieving / maintaining appropriate legal status and credit rating</li> <li>▪ Using local language and currency (or managing currency risk)</li> </ul>
Investment by proponents / implementers	<ul style="list-style-type: none"> <li>▪ Anticipated financial co-investment and ROI for proponents / implementers</li> <li>▪ In-kind investments (e.g. feasibility pre-assessment; technical support)</li> </ul>
Pilot / expansion / replication	<ul style="list-style-type: none"> <li>▪ Plans for piggybacking on existing programs / initiatives and cultivating in-region implementers</li> </ul>

<sup>3</sup> Mapping of who lends, for what, and to who (including informal credit mechanisms such as agrodealers); tenor / rates; regulatory context.

<sup>4</sup> i.e., efficient offtake mechanisms, storage / transport infrastructure, and processing facilities and importation of equipment (e.g. transplanters, harvesters)

<sup>5</sup> i.e., offtake guarantees, reliable buyers / exporters, or import substitution in domestic markets

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<b>Catalytic nature</b>	
Type of private finance targeted for mobilization / operational stages	For anticipated private sector investors, describe: <ul style="list-style-type: none"> <li>▪ Type, duration, and criteria (e.g. deal size; tenor; risk-return; liquidity)</li> <li>▪ Experience with blended / impact finance (in AFOLU; in target area)</li> <li>▪ De-risking expectations (e.g. first-loss tranche)</li> <li>▪ Due diligence / reporting requirements</li> </ul>
Viable pathway / timeline for replicating or scaling in new sectors / geographies	<ul style="list-style-type: none"> <li>▪ Map of production systems / value chains / market demand in target areas for pilot and scaling<sup>6</sup></li> <li>▪ List of in-region agencies, organizations, initiatives, donors, and other potential partners expected to accelerate participation scaling</li> </ul>
Market opportunity to catalyze private climate finance	<ul style="list-style-type: none"> <li>▪ Mapping of value chains and markets<sup>7</sup> including bankable counterparties</li> <li>▪ Details of how market / finance estimates are calculated</li> <li>▪ Anticipated profit margins from financed activities<sup>8</sup></li> </ul>
SDG-related outcomes in target sector / geography	<ul style="list-style-type: none"> <li>▪ Citations / links to in-region studies, reports, assessments, or other evidence of potential environmental / socio-economic benefits from financed activities</li> <li>▪ Description of models for revenue-sharing with producers, communities, or other local value chain actors</li> </ul>
Alignment with green recovery / gender inclusion	For financed activities, describe: <ul style="list-style-type: none"> <li>▪ Estimated economic / employment / infrastructure benefits</li> <li>▪ Projected demographic representation among participants</li> </ul>
<b>Financial sustainability</b>	
Role of public organizations / concessionary finance	For anticipated concessionary funders, describe: <ul style="list-style-type: none"> <li>▪ Types (e.g. bilateral / multilateral donor; philanthropy; government)</li> <li>▪ De-risking mechanism (e.g. guarantee; complementary investment) and duration</li> <li>▪ Requirements (e.g. programmatic rules; commercial 'match')</li> <li>▪ Due diligence process / information requirements and typical timeframe from application to approval</li> </ul>
Other necessary partnerships	<ul style="list-style-type: none"> <li>▪ Anticipated ways that research organizations, in-region NGOs, local governments, or other enablers will contribute to financed activities / impacts</li> </ul>

<sup>6</sup> i.e. who produces what and where; offtakers / buyers; expectations and prices in domestic / international markets; how raw products are aggregated / processed

<sup>7</sup> Mapping would include producers / markets / consumers (e.g. who produces what and where; who buys; which varieties consumed domestically vs exported; location of processors; quality segmentation; prices) and last-mile service providers (e.g. input supply; mechanization / diagnostic / advisory services; aggregators / offtakers).

<sup>8</sup> i.e., for harvested / processed products & complementary revenue streams (e.g. ecosystem services; waste utilization)