



INVESTHER CLIMATE RESILIENCE BOND

SECTORS: SUSTAINABLE AGRICULTURE, CLIMATE RESILIENCE

REGION: AFRICA

INVESTMENT TYPE: COMMERCIAL CAPITAL, CONCESSIONAL CAPITAL, GRANTS

ATTRIBUTE: GENDER EQUALITY, FOOD SYSTEMS

SDGs:



PROPONENT: GRAMEEN FOUNDATION

Uganda’s agrifood system accounts for approximately 40% of its GDP with over 85% of working women in Uganda employed in the sector. According to the World Bank, climate-induced food crop losses in Uganda could reach USD 1.5 billion by 2050. Investment in climate-smart agriculture (CSA) is critical to helping women in agrifood systems cope with these challenges. However, with under 5% of Ugandan agri-MSMEs having access to formal loans or credit lines, mobilizing the finance necessary to scale CSA practices has been challenging. Women-led or owned agri-SMEs in particular lack equal access to critical resources, such as credit and extension services.

INNOVATION

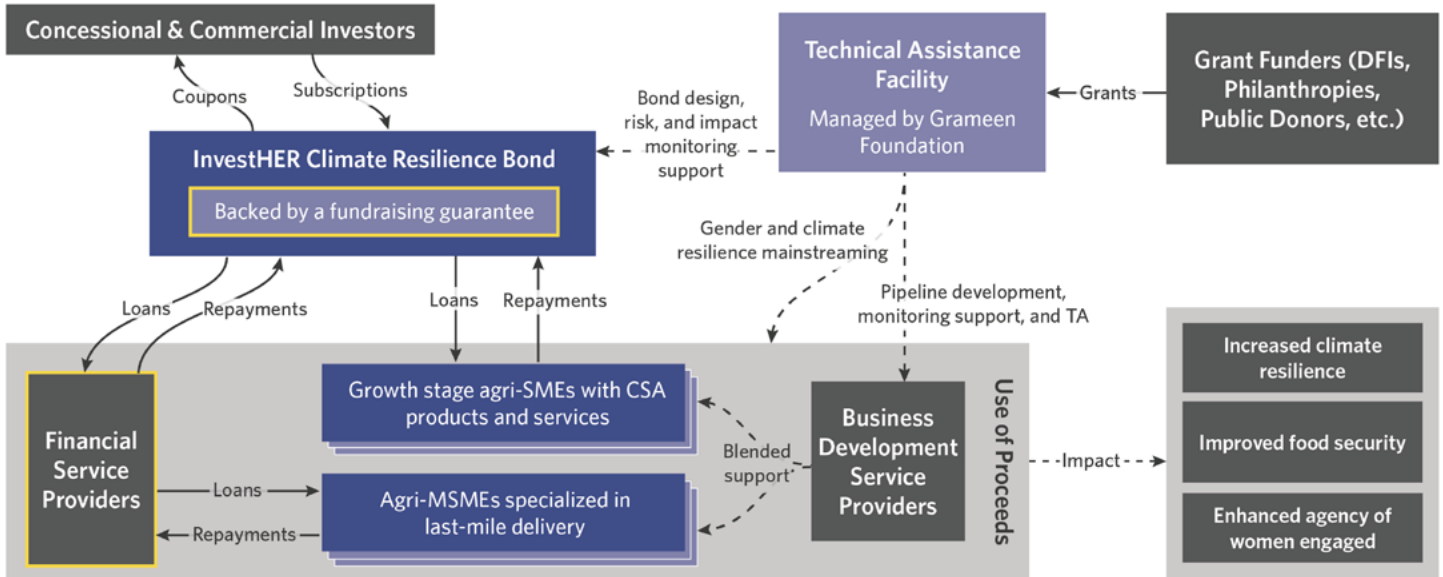
The InvestHER Climate Resilience Bond is Uganda’s first gender and climate bond and among the few in Africa designed to mobilize finance to address both challenges in the agricultural sector. The bond is designed to increase the accessibility and affordability of credit for growth-stage agri-SMEs and rural agri-MSMEs.

IMPACT

The InvestHER Climate Resilience Bond in Uganda aims to raise USD 25m in local currency (UGX). Proceeds will fund loans to women-owned or led growth-stage agri-SMEs, helping them expand into rural areas and serve more women farmers with CSA products and services. The bond also supports financial service providers (FSPs) that lend to smaller enterprises and women farmers, facilitating their adoption of CSA practices. Approximately 95% of the bond’s beneficiaries will be women-owned or led agri-MSMEs.

This bond strengthens the climate resilience of women in agrifood systems by enhancing their access to tailored formal credit and building their knowledge and capacity in CSA practices.

The InvestHER Climate Resilience Bond promotes CSA practices and gender mainstreaming by improving access to credit for women-led or owned agri-SMEs and providing technical assistance to enhance their impact on women farmers.



DESIGN

The instrument will support both climate-relevant growth-stage agri-SMEs and local FSPs, which will on-lend to rural agri-MSMEs, to address two challenges: the accessibility and affordability of credit.

To solve for the affordability issue, a fundraising guarantee will de-risk the bond for investors. This will enable the issuer to lower the coupon given the reduction in risk. The lower coupon payments will improve the spread of the bond and enable the issuer to lend proceeds at more favorable rates, both directly to growth-stage agri-SMEs and indirectly to agri-MSMEs through FSPs.

To address the accessibility aspect, Grameen Foundation is exploring the possibility of apportioning some of the proceeds from the bond as direct deposits in FSPs. This portion will serve as cash equity or collateral against lending to a new segment of customers that were previously ineligible to borrow.

The technical assistance provided by the Grameen Foundation can be broadly categorized into three main areas: bond design, and risk and impact monitoring; gender and climate mainstreaming; and pipeline development and monitoring.

TEAM



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INVESTMENT OPPORTUNITIES

TYPE	ROLE OF CAPITAL	AMOUNT
GRANT	Onboarding a broker, an independent rating agency, and an impact consultant, hiring additional staff, travel expenses, and organizing a launch event. This also includes investor and donor outreach.	USD 625K

The Lab identifies, develops, and launches sustainable finance instruments that can drive billions to a low-carbon economy. The 2024 Lab cycle targets three thematic areas (adaptation, high-integrity forests, and sustainable agriculture and food systems) and five geographic regions (Brazil, India, East and Southern Africa, Latin America and the Caribbean, and the Philippines). Bloomberg Philanthropies, the United Nations Development Programme, and the governments of Canada, Germany, the United Kingdom, and the United States have funded the Lab's 2024 programs. Climate Policy Initiative (CPI) serves as the Secretariat and analytical provider.