

**PROJECT SUMMARY
KILIMO
(RG-L1145)**

Agriculture production is by far the largest consumer of freshwater in the world, using almost 70% of “blue water” withdrawals. Irrigated cultivated areas contribute to approximately 40% of global food production, even though it represents roughly only 20% of cultivated land across the globe, making irrigated agriculture, on average, at least twice as productive per unit of land as rainfed agriculture. However, still 60% of water used for crop irrigation goes to waste, making agriculture a very inefficient user of water.

At the same time, FAO estimates that by 2050 about 60 percent more food will be needed to meet global food requirements. Increasing agricultural output to meet this global food demand needs to be done in a sustainable way, while conserving and enhancing our natural resources. In order to do this, it is necessary to improve agricultural productivity, and to adopt sustainable and more efficient land and water management practices, producing more crops for every cubic meter of water that is used.

This project will support Kilimo, an Argentinean-based startup founded in 2015 that is leading the transformation in the field of water efficiency solutions in the region, with the objective of increasing the supply and access of an innovative data-driven solution that improves water use efficiency in agriculture, positively impacting crop sustainability while reducing direct costs for farmers in LAC and contributing to their climate change adaptation strategy. Kilimo’s AI-based solution automatically collects and analyzes weather and satellite data to provide simple and friendly irrigation recommendations tailored to each farmer, without the use of hardware, eliminating setup or upfront fees, drastically reducing the price paid by farmers.

To that end, IDB Lab will provide a US\$ 300,000 convertible loan/note to Kilimo to finance the expansion and consolidation of its business model, with particular focus in increasing the access and impact for small and medium sized farmers in LAC. IDB Lab’s funds will be complemented by US\$200,000 from other investors. IDB Lab is also expected to (i) provide specific value-added by giving strategic advice to help Kilimo structure its impact strategy and smallholder lite version, leveraging its extensive network of local organizations, which is an essential asset as it pilots the new version of the solution through LAC; (ii) facilitate knowledge sharing and synergies with LAC’s private and public sector and (iii) help signaling confidence to additional private investors in light of Kilimo’s funding needs.

Among other impact results expected over the lifetime of the project, Kilimo’s solution is expected to benefit over 2,200 small and medium sized farmers in the region, monitor the water efficiency of 138,000 hectares (has) of land saving up to 179 billion liters of water and US\$22 million in direct costs for farmers, and contribute to their climate change adaptation strategy.

This project is a sub-project of the financing facility “Emergency Financing Line for Startups and Scaleups (LIFESS)” – RG-O1683, approved in April 2020 to provide rapid financing to companies in the IDB Lab portfolio affected by COVID-19. This company was selected for funding from a highly competitive group of over 50 applicants from the LIFESS call for proposals conducted by IDB Lab.

The project team considers Kilimo has a good fit with LIFESS' thesis and objectives given the following: 1) the Company has a successful financial and development impact track record; 2) the solution has a clear value proposition with direct impact on the environment, and on direct costs for farmers; 3) the Company has a complementary and diverse team with a clear strategy for growth; 4) IDB Lab can add concrete and relevant value leveraging its expertise and network in agriculture/agtech to expand the impact of the solution in the region; 5) IDB Lab's financing is filling a clear financial market gap, and 6) IDB Lab's financing will enable the Company to tailor the solution to smallholder farmers' needs.