

PROJECT SUMMARY IN DESING (*)

The Small Farmers Climate Adaptation Fund “SMAF”

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|---|----------------|---|
| PITCH ELEGIBILITY DATE | | COUNTRY(IES) |
| 07/20/2021 | | Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, México, Perú |
| PARTNERS(S) | | |
| Add-Value Management Services S.A. | | |
| PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT | | |
| B13 (**) | | |
| TOTAL BUDGET | IDB Lab | LOCAL COUNTERPART AND COFINANCING |
| | US 4,400,000 | |
| DESCRIPTION | | |

As climate change threatens farmers of LAC, MFIs face limitations in accessing the long-term sources of funding required to promote the adoption of climate adaptation measures by their small farmers clients. Rural MFIs are also in need of support in building the technical know-how to promote sustainable agricultural lending techniques.

This Fund is the first focused climate adaptation and agriculture microfinance investment vehicle (MIV) in the region, from the region & for the region, structured and managed by Add-Value Management, and designed in collaboration with the International Center of Tropical Agriculture (CIAT), and the CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS). The SMAF will provide debt financing and technical assistance to MFIs.

The primary beneficiaries of the SMAF are smallholder farmers involved in agricultural activities such as crops, livestock, and dairy production located in rural areas of eight Latin American countries, namely: México, Guatemala, El Salvador, Honduras, Costa Rica, Ecuador, Perú and Nicaragua. Smallholder farmers in these countries will have access to finance and technical assistance.

Add-Value is a fund management company founded in 2017 primarily to design, structure, and manage the SMAF. Add-Value is based in San José, Costa Rica, a primary strategic location to conduct business in Central America, Mexico, the Andean Region, and the Caribbean. Add-Value is formed by group of experienced impact fund managers with a long track records in structuring and managing funds for the microfinance industry in Latin America and the Caribbean.

IDB Lab/GCF involvement could unlock other parties' interest in financing the SMAF.

IDB Lab will be supporting the nascent climate-related and innovative finance ecosystem in Central America and the Andean region, as well as strengthening MFIs financing in the area of green recovery and climate change adaptation, as well as supporting SMAF in the ethical adoption of technology.

*The information mentioned in this document is indicative and may be altered throughout the project cycle prior to approval. This document does not guarantee approval of the project.

**The IDB categorizes all projects into one of four E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, B13, is a catch-all category not related to severity of impacts; it covers non-investment lending and flexible lending instruments for which ex-ante impact classification may not be feasible, such as Financial Intermediary operations or Policy Based Loans.