



CLIMATE FINANCE

SPOTLIGHT ON CLIMATE FINANCE

As the severity of climate shocks and stressors increases globally, accessing financial resources and investment is a critical tool for mitigating emissions and improving the resilience of vulnerable communities, sectors, and economies. To better manage these climactic shocks and prepare for future risks, businesses need dedicated climate financing strategies.

AV Group utilizes climate financing to **mitigate** carbon emissions, help small businesses **adapt** to climate change, and **build resilience** for vulnerable populations. Through a systems approach, we link smallholder farmers, local communities, and green small- and medium-sized enterprises (SMEs) to financial products and services that enable them to manage risk and thrive despite environmental stressors.

AV Ventures, the wholly owned impact investing subsidiary company of AV Group, provides innovative, catalytic financing to climate-smart SMEs that otherwise struggle to access patient, growth capital. We go beyond traditional impact investing to create scale, profitability, and returns at the seed and growth stages. AV Ventures currently has US\$50.7 million in assets under management, with funds in Kenya, Ghana, Burkina Faso, Central Asia, and Latin America.¹ AV Ventures has issued more than US\$12.8 million in climate-smart loans, including investments in solar power businesses, agricultural technology companies, and multiple types of financial institutions.

AV GROUP'S CLIMATE FINANCE PRIORITIES

Cultivate **inclusive green growth** through diverse climate finance products.

Build **household and community resilience** to climate shocks through financial inclusion.

Mitigate emissions and **conserve nature** by strengthening lenders' capacity to offer climate financing.

AV Group's Climate Finance Instruments

Impact Investment 
Impact investments direct capital toward projects and companies that generate positive environmental outcomes, financial returns, and private sector leverage through blended finance.

Innovative Structures 
Innovative climate financing structures, including carbon markets, weather insurance, and green bonds, increase and diversify financial flows toward climate-smart solutions.

Resilience Financing 
Resilience financing strengthens vulnerable populations and builds sustainable financial markets through the provision of technical assistance and capital to financial service providers.

ACDI/VOCA is a global development design and delivery partner implementing effective economic and social development projects in nearly 150 countries since 1963. ACDI/VOCA and its Affiliates (AV Group) is a family of development organizations that implements donor-funded projects, facilitates impact investing, delivers financial services, and partners with businesses to promote inclusive practices and build sustainable supply chains. AV Group is composed of ACDI/VOCA and its affiliates Tanager, Fundación ACDI/VOCA Latin America (FAVLA), AV Ventures and the funds it manages, and Frontiers. Learn more at www.acdivoca.org.

¹ AV Ventures is a minority partner in the Pomona Impact Fund, which is managed by Pomona Impact and operates in Central America, Mexico, Colombia, and Ecuador.

AV Group's Climate Finance Instruments in Action:

BLENDED FINANCE FOR GREEN DEVELOPMENT IN KENYA



ACDI/VOCA, with fund manager AV Ventures, created the [Impact for Northern Kenya Fund](#) as part of the [Feed the Future Kenya USAID Kuza Activity](#). This US\$38-million impact fund lends capital to financial institutions and high-growth SMEs to achieve **inclusive green growth** in crisis-prone northern Kenya. To date, the Fund has disbursed US\$11 million through its climate finance window, which **builds household resilience** through financial inclusion and **mitigates emissions** through investments in clean energy business models. As a blended finance mechanism, the Fund has unlocked US\$69.5 million in additional private capital, including US\$10 million in additional climate finance.



Photo: Feed the Future Kenya USAID Kuza

IMPACT INVESTING THROUGH CLIMATE-SMART SMEs IN GHANA



[AV Ventures Ghana](#) (AVVG) is a US\$3.6-million blended finance fund supporting high-growth agricultural SMEs since 2019.² One of AVVG's investments in **inclusive green growth** was a US\$300,000 loan to AgrolInnova Limited, an ag-tech platform that leverages its digital presence to facilitate smallholder farmers' access to market opportunities and agriculture information, including climate-smart agricultural practices. Since AVVG's investment, the platform has helped 376 clients digitize their day-to-day farm activities, allowing farmers to make data-driven, environmentally informed decisions.



Photo: The IPACE Activity

CARBON MARKETS FOR EMISSIONS MITIGATION IN COLOMBIA



The [Indigenous Peoples and Afro-Colombian Empowerment \(IPACE\) Activity](#), funded by USAID and led by ACDI/VOCA, supports ethnic populations in governance and sustainable development. The Activity is establishing a Reduced Emissions from Deforestation and Degradation (REDD+) carbon project in Valle de Cauca, which generates results-based payments for **emissions reductions** from decreased deforestation, thus **building community resilience**. Its goal is to generate long-term income and improve **forest conservation** for local communities in this biodiverse tropical ecosystem.

CROP INSURANCE AND SERVICE PROVIDER CAPACITY BUILDING IN TAJIKISTAN



The [Market Driven Rural Development Activity](#), funded by USAID and led by ACDI/VOCA, launched a pilot crop insurance scheme that utilizes a weather index-based approach through open source satellite datasets. The insurance product builds smallholder farmers' **household resilience** against harvest disruptions caused by weather events. The pilot is testing and ultimately aims to scale insurance schemes in partnership with Tajik aggregators, insurance providers, and regulators.



Photo: The Market Driven Rural Development Activity

SAVINGS ACCESS FOR COMMUNITY RESILIENCE IN KENYA



Access to reliable savings and financial instruments **build resilience** for vulnerable populations to absorb climate shocks. The [Feed the Future Kenya Livestock Market Systems Activity](#), funded by USAID and led by ACDI/VOCA, created and strengthened cooperatives in northern Kenya to increase climate resilience and facilitate easy savings access during recurrent stressors. After four consecutive failed rainy seasons followed by intense flooding led to widespread food insecurity and loss of livelihoods, the Activity also stimulated lending and livelihood diversification by disbursing US\$124,077 in cash transfers to 64 cooperatives, allowing 5,603 individuals to access loans to aid livelihood recovery.



² AVVG was originally funded by the U.S. Department of Agriculture and the U.S. Development Finance Corporation.