

Feasibility and design co-led by:

Supported by a design grant from:



# AFRICA SUSTAINABLE RICE BOND

Strengthening the Rice Value Chain in Africa through  
Financing for Farmer-Allied Intermediaries



# BACKGROUND



Founded in 2017 and headquartered in Switzerland, iGravity bridges capital and purpose by supporting **high-impact enterprises** and giving investors access to unique impact opportunities. With 30+ professionals across Zurich, Milan, Nairobi, Kampala and Bogotá, iGravity specializes in **impact investing**. It provides investment management for private **debt impact products** and advisory services to design innovative financing structures that mobilize private capital for the SDGs.

Founded in 1955, Helvetas is one of Switzerland's leading international development organizations. Active in 35 countries with around 300 projects, Helvetas improves the lives of over 5 million underserved and marginalized people each year. Working with an inclusive systems approach, Helvetas strengthens national actors and ecosystems and has deep experience in multi-stakeholder initiatives at the intersection of **private-sector engagement** and **sustainable agriculture**, including in the **rice**.

Financing Sustainable Rice for a Secure Future report from SDC mentioning the idea of a Green Bond

2019

Q1 2024

Decision of iGravity/ Helvetas to leverage complementarity to develop the idea of the Green Bond

Innovation grant from SIFI secured to conduct a feasibility study and design the structure.

Q4 2024

Feasibility study and design of the Africa Sustainable Rice Bond completed

Q4 2025

Ongoing fundraising for launch in Q4 2026/ Q1 2027

Now



# WORLD FIRST BOND FOR SUSTAINABLE RICE

## **VISION**

To establish a **scalable financial model** that can be replicated across regions and value chains, empowering **smallholder farmers** to transition to **sustainable practices**, increase their **incomes**, and strengthen their **resilience**, thereby contributing to **global food security** and **environmental sustainability**.

## **MISSION**

Catalyze the development of **local rice value chains** in **Sub-Saharan Africa** through the issuance of a **series of Bonds**. Proceeds will provide tailored **debt financing** to **financial and agricultural intermediaries**. A specialized **technical assistance** will reinforce investees' **agri-lending capacity** and enhance their services to support farmers' transition.

# MARKET OPPORTUNITY

The Bond (first issuance) will focus on Tanzania and Kenya. Additional opportunities in other SSA countries may be explored.

## 30% portfolio allocation

Kenya's government is actively promoting rice cultivation, creating investment opportunities in irrigation infrastructure, post-harvest services, and input financing for value chain actors.

## Kenya

## Tanzania

## 70% portfolio allocation

Tanzania, SSA's only rice-surplus producer, offers opportunities to advance sustainable practices, market transparency, and European export capacity.

SSA's rice sector has huge unexploited potential to become a driver of inclusive growth, food security, and climate resilience.

## Rising demand but supply gap

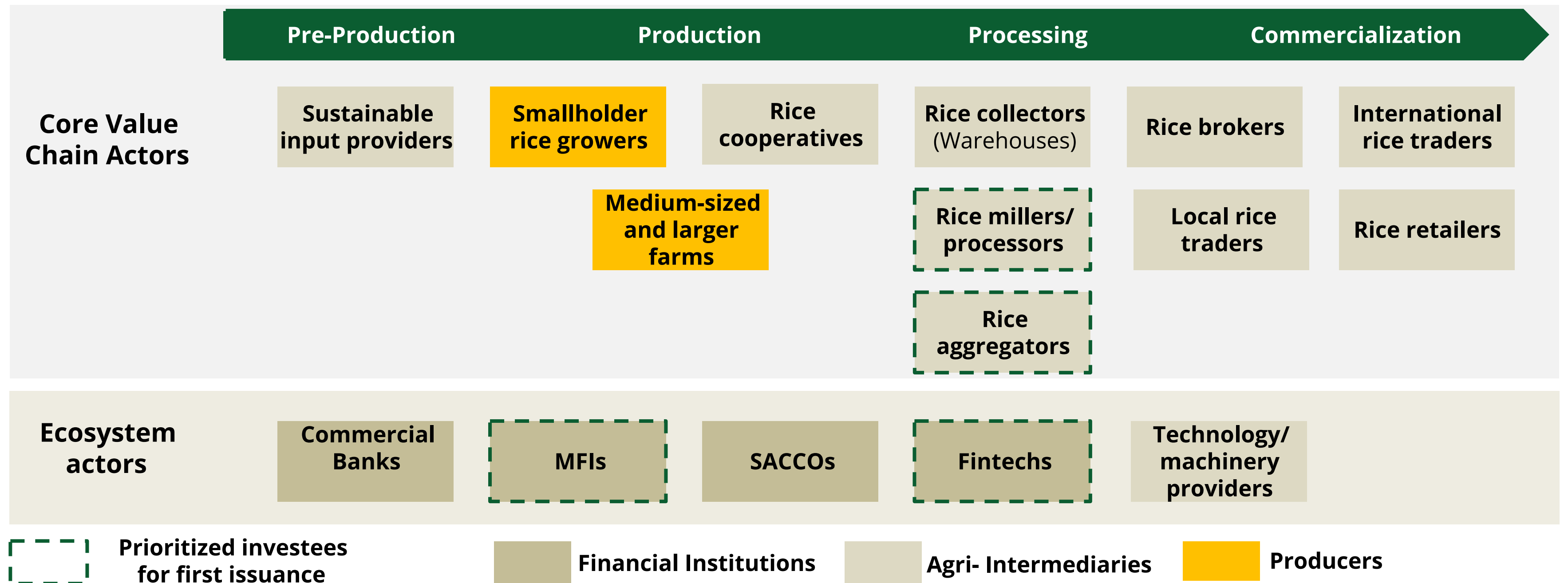
- **Rice is among the fastest-growing staples in SSA** (+6% p.a. due to population growth, changing diets,...)
- Local production meets only **~60% of demand**, forcing **\$6B+ annual imports**, exposing countries to price shocks.

## Strategic commodity

- **Inclusive growth:**
  - Rice is a primary source of income for **35+ million smallholder farmers**, many of them **women**.
  - The rice sector can help absorb SSA's **17 million youth** entering the labor market each year.
- **Food security:** Several African governments have placed rice at the center of their national food security strategies.
- **Climate resilience:** Adopting climate-smart practices can reduce emissions while enhancing productivity and<sup>4</sup>

# TARGET INVESTEEES

The Bond will adopt a **value chain investment approach**, targeting actors active in the **rice sector**. The portfolio will be diversified by transaction size and investee type. For the initial issuance, approximately **50%** of the transactions will be in **financial institutions** and **50%** in **agri-intermediaries**, primarily rice millers and processors.



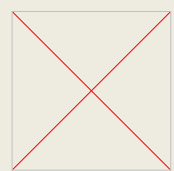
# INVESTEES & USE OF PROCEEDS

## 01 Financial Intermediaries

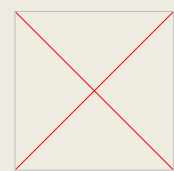
**Use of proceeds:** For on-lending to rice value chain actors

### Financing instruments & terms:

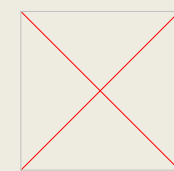
- Ticket size: USD 1 to 4M
- Mid-term credit lines (3-4 years)
- 6mth grace period on interest payments, quarterly amortizations
- Estimated interest rate: 6-8%



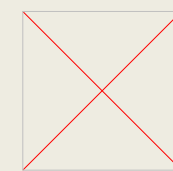
**Farmer Training &  
Capacity Building**



**Sustainable inputs  
(seeds, fertilizers)**



**Water Management  
Infrastructure**



**Post Harvest  
Technology**

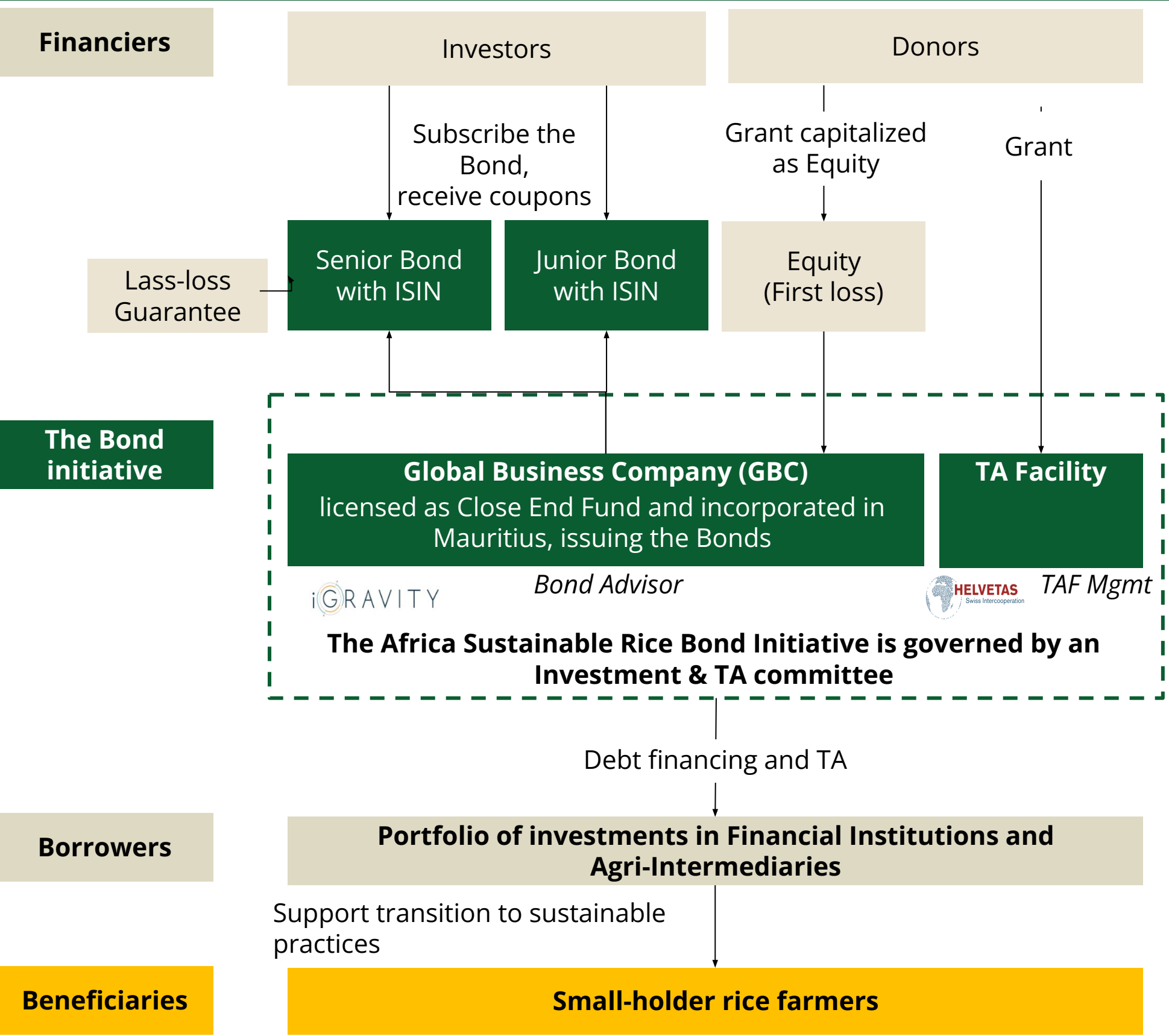
## 02 Agri-intermediaries

**Use of proceeds:** For rice value chains

### Financing instruments & terms:

- Ticket size: USD 0.5 to 1M
- Short term (<3yrs) & mid-term loans (3-4 yrs)
- 6mth grace period on interest payments, quarterly amortizations
- Estimated interest rate: 10-11%

# OPERATIONAL STRUCTURE



## Bond Instrument

The bond structure offers the advantage of paying regular coupons to debt investors, with principal repayment at maturity—an attractive feature for investors.

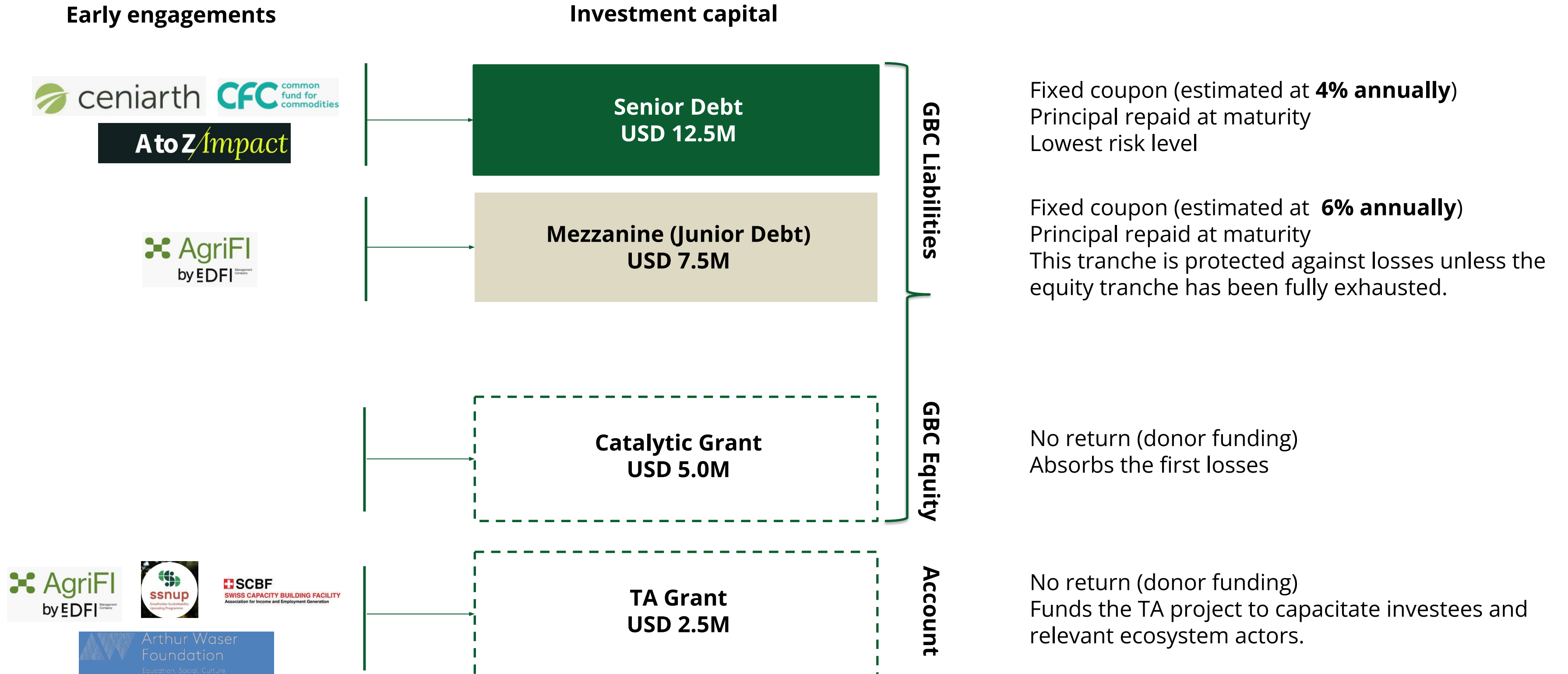
## Mauritius jurisdiction

The bond is issued by a Global Business Company incorporated in Mauritius. Mauritius is a well-regulated jurisdiction with a stable legal framework suitable for investment structures targeting Africa. It also benefits from favourable Double Taxation Avoidance Agreements (DTAAs) with numerous African countries, reducing withholding taxes.

## Private placement

The initial bond issuance will be in the form of a private placement, aligning with the targeted investor profile. Once a track record is established, a subsequent issuance may explore public listing opportunities to broaden investor access.

# CAPITAL STACK – USD 25M ISSUANCE



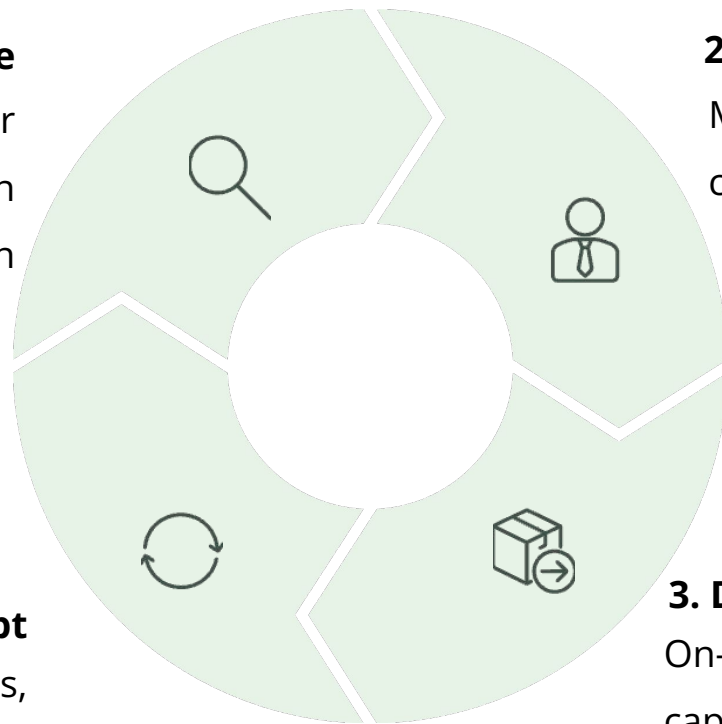
# TECHNICAL ASSISTANCE APPROACH

## THEORY

### 5-year phased approach

#### 1. Diagnose

Needs assessment during or before due diligence + carbon project qualification



#### 2. Co-design

Modular TA packages with cost-sharing for ownership

#### 3. Deliver

On-site coaching, farmer capacity building, strengthening local service providers, peer learning

#### 4. Review & Adapt

Track KPIs, adjust packages, standardize successful elements

## PRACTICE



### Pre-Investment Technical Assistance

Implementation partner



Farmer training

Internal capacity building



Stable market access via **outgrower system for 100+ farmers (scalable to 1'000+)**

**Higher yields** (~10–20%) and **incomes**

Adoption of **improved practices** (≥60%)

**Reduced** post-harvest **losses** (-10-15%) → more produce sold

15-20 lead farmers trained - ongoing local support

Structured and scalable **sourcing system**

More **reliable supply** and improved quality

Increased processing **efficiency**

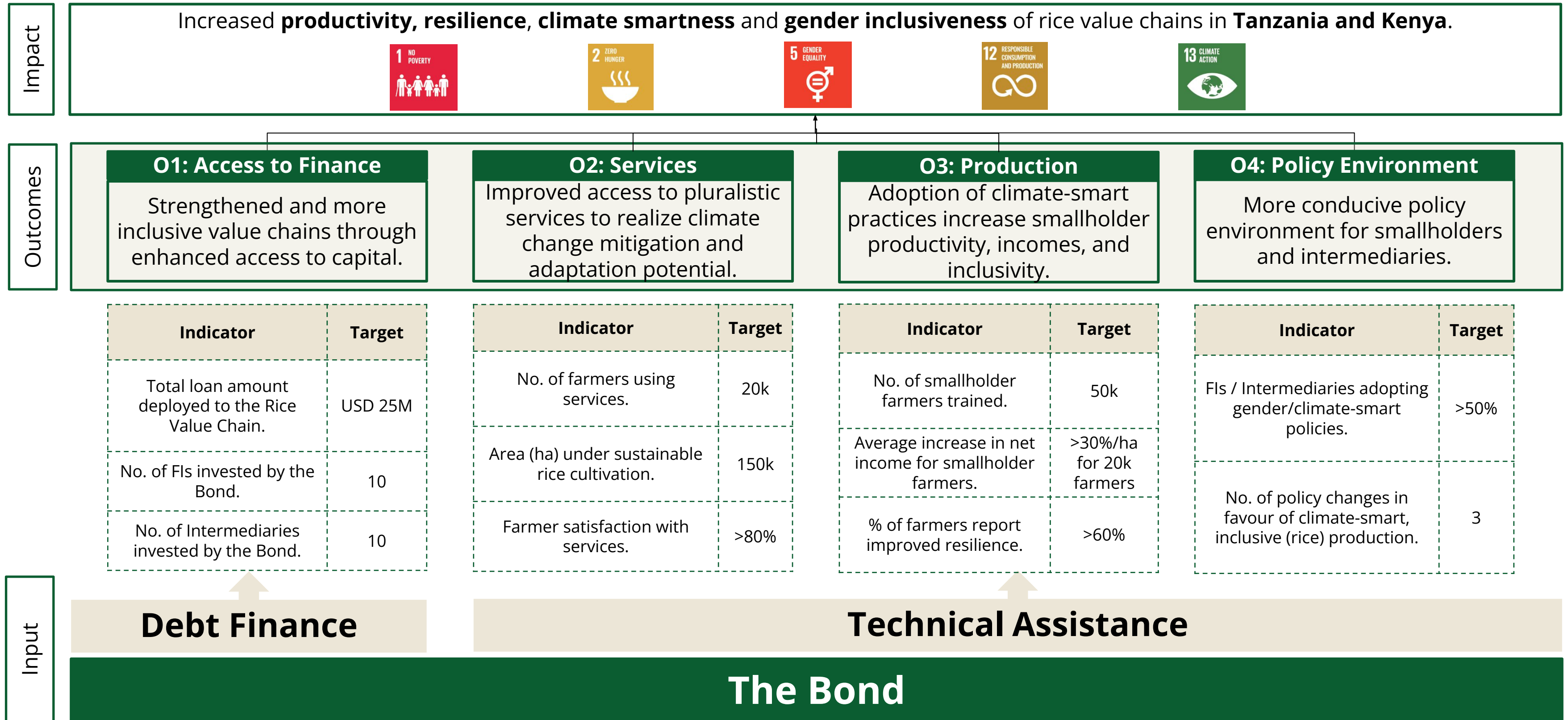
Stronger operations and **internal capacity**

Enhanced **investment readiness**



Investment via Rice Bond

# IMPACT METRICS SUMMARY



# THE BOND TIMELINE

Timeline

Rollout of the initiative

Q4 2024 – Q4 2025

## Feasibility & design

- iGravity and Helvetas teamed up to develop the Bond, leveraging their complementarity.
- They secured an innovation grant to conduct a feasibility study and design the structure.

Q1 - Q3 2026

## Fundraising

- MoU between iGravity and Helvetas signed
- Fundraising and final structuring completed

Q4 2026/ Q1 2027

## 1<sup>st</sup> Issuance

- Target of USD 25M
- Around 20 investments
- 2 countries
- Privately placed Sustainable Bond

2028

## 2<sup>nd</sup> Issuance

- Target of USD 50M
- 4-6 countries
- Listed Green Rice Bond, compliant with the ICMA Green Bond Principles

# APPENDIX



# BLENDDED FINANCE ARCHETYPE

