

***New agriculture and agri-business climate finance to support farmers and agri-businesses prepare for extreme weather, increased drought and increased rains; largest ever EIB backing for business investment in Rwanda; initiative to increase access to climate finance by women owned businesses; new partnership announced at COP28 as a model for climate action helping vulnerable smallholders.***

Farmers and agricultural businesses across Rwanda are set to be able to better withstand the economic, social and business impacts of climate change under a new €100 million climate finance initiative. The scheme will provide a substantial boost to smallholders, businesses, and enterprises dependent on climate-vulnerable agriculture across Rwanda.

At COP28 in Dubai, the European Investment Bank and Bank of Kigali today confirmed that they are developing a new targeted sustainable agriculture financing initiative, the first climate resilience business finance scheme in Rwanda and largest ever European Investment Bank support for private sector investment in Rwanda. The scheme is expected to unlock €100 million in new climate investment by small holder farmers and agribusiness, as well as improve access to finance by businesses owned by women.

“It is a pleasure to witness additional climate finance partnerships happen beyond Ireme Invest. All aimed to achieve our ambitious climate action plan to reduce carbon emissions by 38% by 2030. Achieving this goal will require \$11 billion and we encourage everyone to be part of this initiative. BK has paved the way for commercial banks in Rwanda in incorporating green financing”, said CEO Rwanda Green Fund, Teddy Mugabo.

Under the new initiative, expected to be launched early next year, farmers, agribusiness companies and agricultural cooperatives will be able to access EUR 100 million of new financing, mobilised through a partnership between the EIB and the Bank of Kigali. The initiative aims to tackle the long-standing credit constraints holding back private sector agriculture investment by facilitating access to dedicated, long term loans and will be implemented in close collaboration with the European Union, which is supporting agriculture programmes in Rwanda including value chain development – notably in horticulture and aquaculture.

“Climate change impacts not only agricultural production, but also the overall economic stability of agribusiness across Rwanda. Access to finance is vital for

building resilience and ensuring the survival of livelihoods impacted by the climate emergency. Over recent months experts from the Bank of Kigali and the EIB have developed this comprehensive private sector financing scheme that will accelerate climate change adaptation, foster sustainable development and enhance economic opportunities for women,” said Dr. Diane Karusisi, CEO of Bank of Kigali.

“Increasing access to finance for smallholders and agribusiness across Rwanda is crucial for climate resilience and enables millions of farming families to adopt sustainable agricultural practices that mitigate the impact of climate change. The European Investment Bank is pleased to work with the Bank of Kigali and the European Union to develop this pioneering EUR 100 million initiative, as part of the Global Gateway partnership,” said Thomas Östros, Vice President of the European Investment Bank.

“This new partnership between the European Investment Bank and Bank of Kigali, and backed by the European Union, demonstrates how committed financial partners can help tackle the impact of the climate emergency and support vulnerable communities threatened by climate change,” said Jutta Urpilainen, European Commissioner for International Partnerships.

### **Enabling Rwandan agriculture to adapt to climate change**

Rwanda has experienced a temperature increase of 1.4 centigrade since 1970, higher than the global average. Most parts of Rwanda are projected to experience an increase in more intense rainfalls, which will increase the intensity and frequency of floods and landslides.

The new climate finance scheme will support investment to enhance agricultural productivity, enabling smallholders to invest in modern farming technologies and techniques, increasing crop yields and adapting to changing climate conditions.

New agricultural investment will also help to ensure that smallholders can withstand extreme weather and climate-related disruptions, contributing to a more stable and secure food supply.

Improved access to finance will also help small holders and agribusiness to diversify income sources, strengthening resilience against climate-induced shocks and creating more sustainable livelihoods.

Agriculture is a key part of Rwanda's economy, contributing to over 60% of total employment. However, access to finance in the agriculture sector is constrained due to among other factors lack collateral, credit history and limited access to the capital markets.

### **Increasing economic opportunities for women**

The gender gap in access to agricultural loans remains significant in Rwanda with 74.5% of men having access while only 25.5% of women do, with women owned or led agri-businesses disproportionately constrained. Even though in Rwanda, about 71% of all women in employment work in agriculture.

The new initiative will include dedicated financing for businesses owned and managed by women, as well as employing and serving women. The finance scheme will support investment to enhance agricultural productivity, enhancing better access to finance across the agriculture sector and economic empowerment of women.

At least 30% of the total financing under the new scheme will be dedicated for female entrepreneurs or businesses where a majority of employees are women.