



GROWTH NEXT-GENERATION AGRICULTURE (GAN)

SECTORS: SUSTAINABLE AGRICULTURE, CLIMATE RESILIENCE

REGION: LATIN AMERICA

INVESTMENT TYPE: COMMERCIAL CAPITAL, CONCESSIONAL CAPITAL, GRANTS

ATTRIBUTE: NATURE-BASED SOLUTIONS

SDGs:



PROPONENT: TRAIVE FINANCE AND FOLIO INSTITUTE

Brazil's agriculture relies heavily on chemical inputs, which can degrade soil health and contribute to greenhouse gas (GHG) emissions. Transitioning to biological inputs is crucial for restoring environmental sustainability and meeting Brazil's climate goals. However, large market incumbents that rely on selling chemical inputs are inhibiting this transition. These companies offer comprehensive services, including financing, training, and technical assistance, which makes it difficult for smaller biological input providers to compete. This system limits farmers' access to alternative biological inputs and slows the adoption of regenerative agriculture practices.

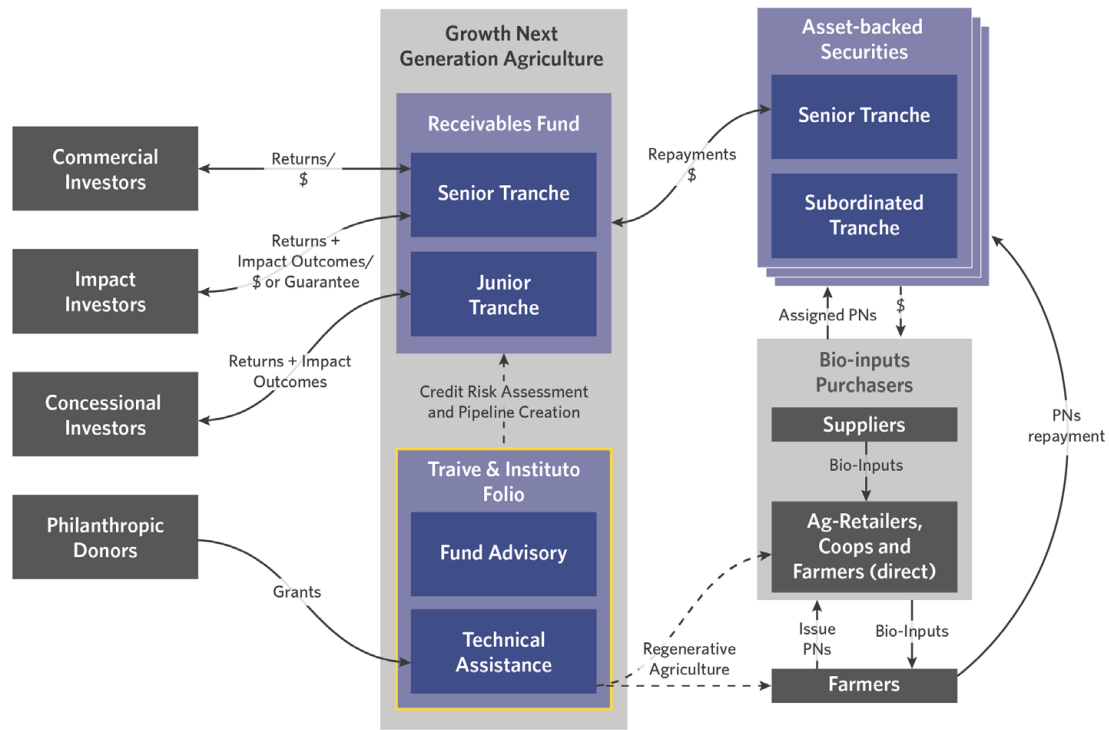
INNOVATION

Growth Next-Generation Agriculture (GAN) enables biological-input SMEs to compete with the incumbents by addressing the barrier of limited working capital. GAN provides bio-input SMEs with affordable debt through a securitization structure that allows the SMEs to sell bio-inputs on credit to farmers. Using a blended structure and Traive's AI-powered credit assessment platform, GAN mitigates the perceived risk of bio-inputs and accelerates the transition to regenerative agriculture. Additionally, the fund's technical assistance facility provides essential support for enabling the adoption of regenerative agriculture across Brazil.

IMPACT

GAN will invest BRL 250 million (USD 44.4 million) in approximately ten securitizations issued by established Brazilian biological input SMEs for its demonstration fund. These SMEs sell biological fertilizers, pesticides, and other bio-inputs to farmers, primarily cultivating soybeans and corn. The demonstration fund will prove GAN's commercial viability, paving the way for larger-scale investments and potential expansion to other Latin American markets. With Brazil's total market for just chemical fertilizers reaching BRL 200 billion (USD 35 billion), GAN has a significant opportunity to catalyze a shift towards regenerative agriculture.

GAN is a climate resilience debt fund accelerating Brazil's transition to regenerative agriculture. It works by financing the purchase of biological inputs by farmers from local small and medium-sized enterprises (SMEs).



DESIGN

GAN is a debt fund that finances farmers' purchase of biological inputs from SMEs through asset-backed securities (ABSs). The fund structure leverages a common Brazilian receivables instrument, a FIDC, to invest in securitized receivables issued by bio-input SMEs. These SMEs, in turn, offer credit to farmers for purchasing their products, driving market growth and accelerating the transition to regenerative agriculture.

GAN employs a blended finance structure with a senior tranche financed by commercial and impact investors

and a junior tranche supported by concessional capital providers. This structure mitigates investment risk while maximizing market-rate returns for the senior tranche. Traive will originate securitizations in partnership with Folio, which provides technical assistance to accelerate the adoption of regenerative practices.

By addressing the critical barrier of access to affordable working capital for biological input SMEs, GAN aims to catalyze Brazil's transition to regenerative agriculture. The Fund's innovative design, combined with the deep expertise of Traive and Folio, positions it as a powerful tool for driving climate resilience in Brazil.

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INVESTMENT OPPORTUNITIES

TYPE	ROLE OF CAPITAL	AMOUNT
COMMERCIAL CAPITAL	Senior Tranche	BRL 200 million (USD 35.5 million)
CONCESSIONAL CAPITAL	Junior Tranche	BRL 46.3 million (USD 8.2 million)
GRANT	Grant	USD 3.15 million

The Lab identifies, develops, and launches sustainable finance instruments that can drive billions to a low-carbon economy. The 2024 Lab cycle targets three thematic areas (adaptation, high-integrity forests, and sustainable agriculture and food systems) and five geographic regions (Brazil, India, East and Southern Africa, Latin America and the Caribbean, and the Philippines). Bloomberg Philanthropies, the United Nations Development Programme, and the governments of Canada, Germany, the United Kingdom, and the United States have funded the Lab's 2024 programs. Climate Policy Initiative (CPI) serves as the Secretariat and analytical provider.