

Promoting inclusive climate adaptation finance for smallholder farmers: The role of catalytic financing

2nd June 2023

2-3 PM IST



APRACA

Asia-Pacific Rural and Agricultural Credit Association



Overview

The webinar hosted by MSC on “The need for catalytic financing for mainstreaming inclusive climate adaptation finance for smallholder farmers” included panelists from APRACA, GIZ, and KOIS.

Panelists at the session facilitated discussions around how catalytic financing can drive the supply of climate adaptation finance for the agriculture sector, especially for smallholder farmers most vulnerable to climate change’s impacts.

The session also examined best practices and challenges in the design and delivery of financial products and services that support climate adaptation in the region.

The webinar brought together stakeholders working on various elements of catalytic finance, with a focus on adaptation for smallholder farmers.

The graphic features the MSC (MicroSave Consulting) and APRACA logos at the top left. The title is 'Promoting inclusive climate adaptation finance for smallholder farmers: The role of catalytic financing'. The date is '2nd June 2023' and the time is '2:00 pm - 3:00 pm IST'. The hashtag is '#CRAgVC'. A 'Panelists' section lists three individuals: Prasun Kumar Das (Secretary General, APRACA), Krati Garg (Manager - Innovative Finance, KOIS), and Sandeep Bhattacharya (Advisor - Climate Change, GIZ). The background includes a central green plant icon surrounded by circular icons representing various agricultural and climate-related concepts.

Why do we need to mainstream climate adaptation finance for the agriculture sector?



Prasun Kumar Das
Secretary General
APRACA

- ▶ Smallholder farmers make up 85% of the global agricultural industry. They face challenges in accessing finance and investments to establish sustainable business climates and supply chain continuums.
- ▶ Clear and accepted policy classifications are crucial for large-scale climate financing. The current flow lacks focus on green investments. It also lacks a legal foundation, reporting mechanisms, and strategic roadmaps for reforming green finance.
- ▶ Knowledge collaboration can scale up green finance in agriculture by addressing risks and enhancing investor confidence. Coherent policies, innovative finance, and effective networks are crucial for including climate adaptation finance in agriculture.

How can catalytic finance help with the issue?



Sandeep Bhattacharya

Advisor- Climate Change
GIZ

- The Sustain Plus Energy Foundation and CINI, a part of the Tata Trust Group, have collaborated to support smallholder farmers. They have implemented a concept called the "Production Hub," which unites farmers in a collective manner to achieve scalability across several aspects.
- By forming these collectives, they introduced multiple technologies and practices that have helped the farmers increase their incomes sustainably.
- Some issues which need to be addressed to catalyze the deployment include after-sales maintenance and service, managing the cost of some of the devices, scalability of the devices, and availability of refinancing.

How is the impact investing community responding to the need of climate adaptation for agriculture?



Krati Garg

Manager- Innovative Finance
KOIS

- An impact investor's role is to ensure the continuum of impact and returns.
- The task at hand is to assess how climate business models can grow and sustain themselves by attracting commercial finance that balances social and environmental benefits with financial returns. The goal is to overcome the barriers to capital access and avoid reliance on subsidies.
- Catalytic finance can help address market gaps for smallholder farmers. A focus on standard impact measurement frameworks can build credibility and monetize impact.

Way forward

1

Need to optimize and draw lines in defining green finance and climate finance to agriculture.

3

Design innovative financial mechanisms, investment vehicles, and financial instruments to provide comprehensive solutions.

5

Underinvestment in green agri-food contributes to slow progress toward green and sustainable practices in the agriculture sector.

2

Expand the boundaries of fiscal incentives in the form of concessional interest and preferential tax treatment.

4

The sectors (agriculture, climate, and finance) and parties (government, donors, civil society, financial institutions, private companies, and private investors, among others) need to be connected.

