Capital for climate-smart farmers

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Two reasons why climate-smart farmers face funding challenges:

- Approaches, designs and technologies that are climate-smart are still considered to be unproven and 'risky'.

- It costs to much for investors to perform the necessary due diligence for small loans/small equity demands.

Climate-smart farming is in fact the most risk averse strategy as extreme weather takes hold ….

But even credit lines from development partners may not systematically require climate-smart performance to be a mandatory prerequisite to qualify for preferential lending

Aggregation increases financial attractiveness

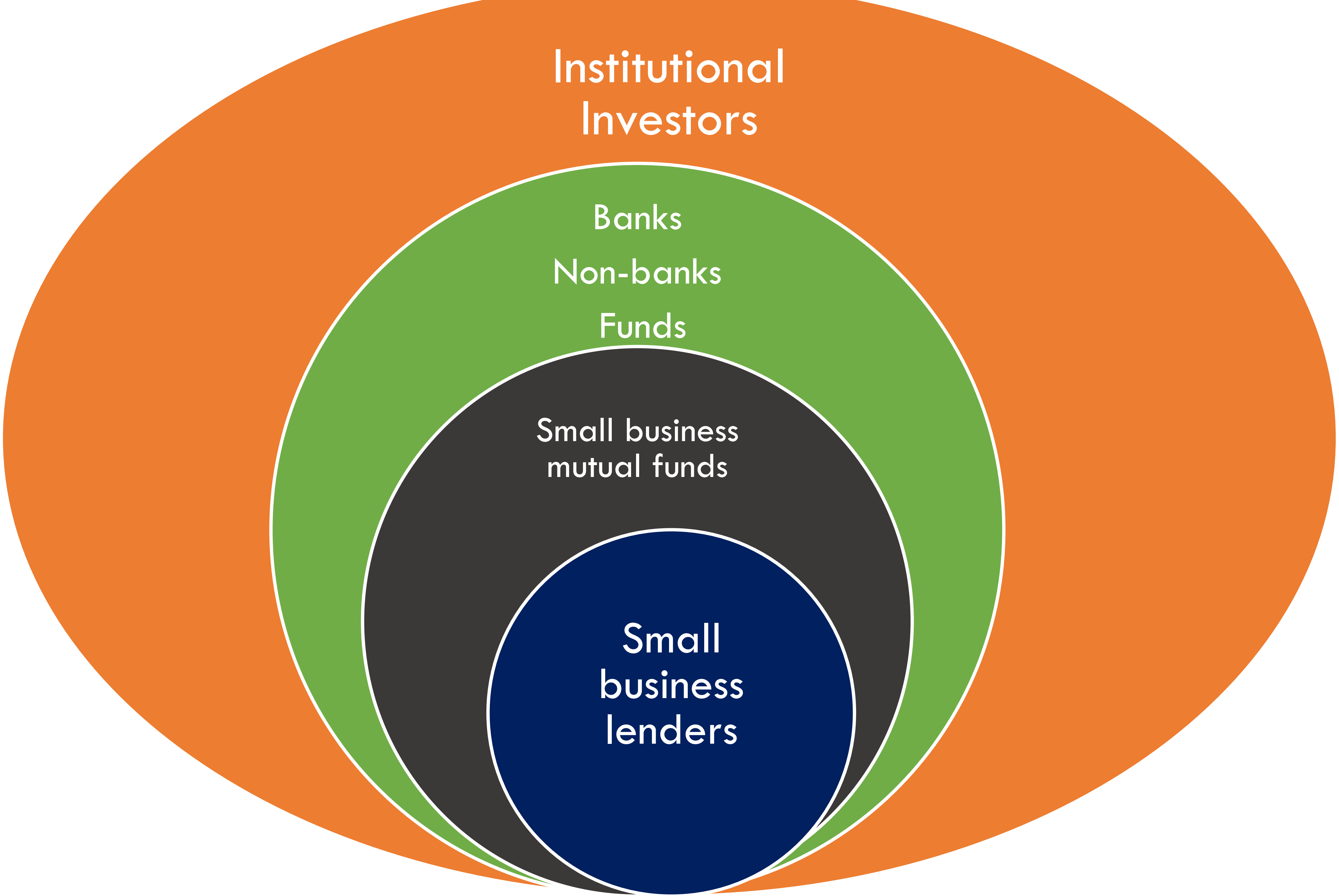
Aggregation across:

Industry:
- farmer organisaiton
- cooperatives
- lead farmers
- nucleus farms

Value chains:
- contract farming
- preferential supplier

Makes it easier to show collective performance:

- Financial performance
- Non-financial performance: carbon, ecosystems services, soil health, lowered water use.
- Future revenues: carbon credits ecosystem services/biodiversity credits, others


Institutional Investors
Banks
Non-banks
Funds
Small business mutual funds
Small business lenders

Exploring the feasibility of SME funding platform

The objective:

- Provide preliminary screening to match SMEs with financial intermediaries.
- Reduce transaction costs.

The financial intermediaries can then ‘aggregate’ climate-smart SMEs into ‘pools’ that can be funded by bigger players.

Will deal flow be our biggest problem?

Financial intermediaries spend a lot of time + money finding SMEs that are financially attractive.

Thank you.

Look forward to collaborating with the GACSA.

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