

The need for catalytic financing for mainstreaming inclusive climate adaptation finance for smallholder farmers

Background Information

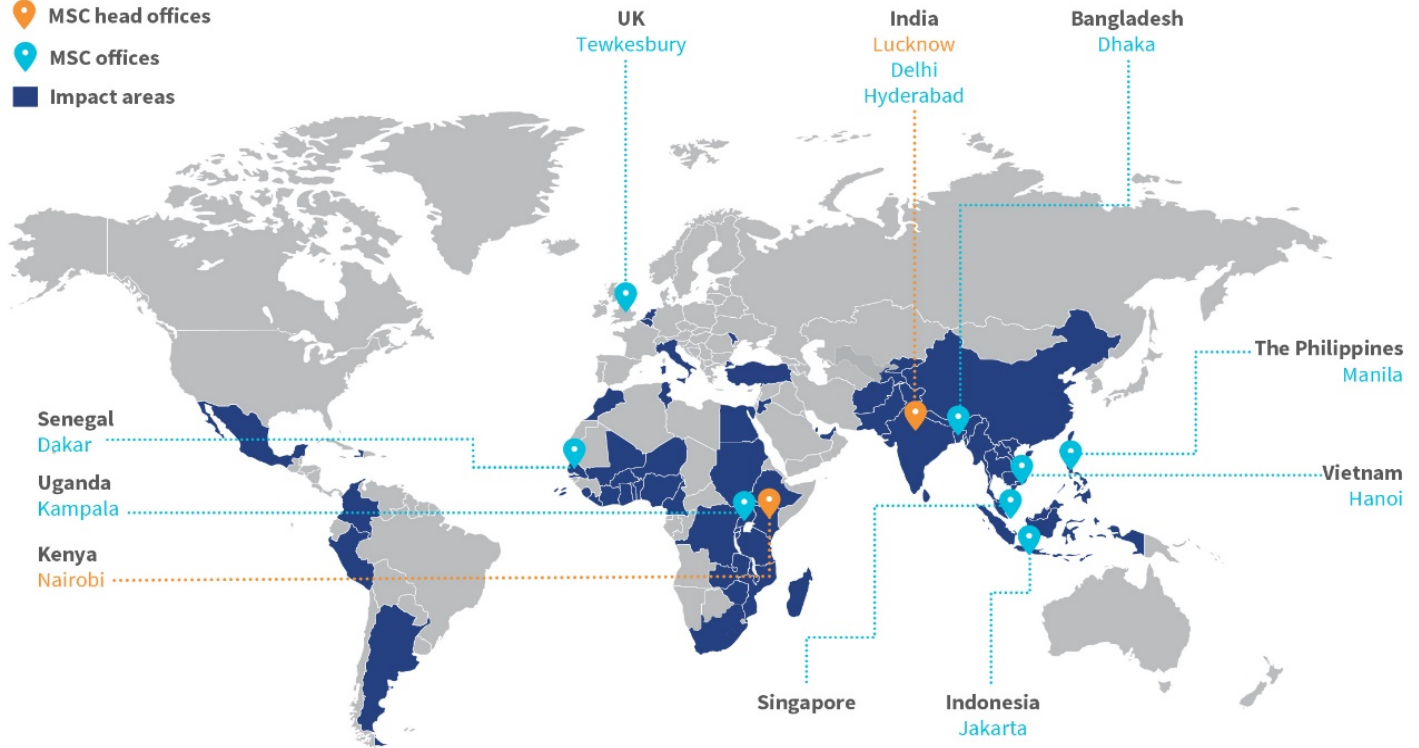
Smallholder farmers play a vital role in food security, yet they are vulnerable to climate shocks. There are multiple efforts being undertaken globally to strengthen the resilience of smallholder farmers against the impacts of climate change. However, there is limited diffusion of innovation across markets and regions stifling the transformation of agriculture sector, necessary to strengthen the resilience of smallholder farmers. Moreover, digital technology-based solutions are not receiving adequate support to deliver the scale that is necessary for them to create any impact. And finally, key stakeholders in this sector seldom work together to create a holistic program that can lead to transformative change in the agriculture sector with the help of digital technology-enabled solutions.

To address these challenges we envisaged the Climate Resilient Agriculture Virtual Club (CRAgVC). It is a global virtual platform for catalytic change-makers to work together to create pathways for transformative changes in smallholder farmers' climate adaptation and resilience by empowering the Agritech sector. With the objective of facilitating innovative digital solutions to bring about significant transformations in the climate resilience of smallholder farmers, CRAgVC offers real value to catalytic change-makers seeking synergies. The platform aims to achieve a ten-fold increase in the adoption and utilization of Agtech solutions in Africa and a six-fold increase in Asia by 2030, surpassing the current usage rates of 5% in Africa and 9% in Asia.

Discussions the platform has had can be driven by catalytic finance for inclusive climate adaptation. Technology-enabled startups can leverage catalytic funds to enhance their service offerings, develop and scale Agtech solutions, and provide tailored support to smallholders in adapting to climate change. These solutions address the specific needs and constraints faced by smallholder farmers, such as limited access to capital, knowledge, and infrastructure. By supporting innovation, farmer-centric data governance frameworks, expanding access to climate-resilient technologies, strengthening value chains, and scaling impact, these interconnected efforts create a pathway for smallholders to effectively adapt to climate change and thrive in the face of evolving agricultural challenges.

This session explores the importance of inclusive climate adaptation finance and the challenges faced by financial institutions in designing and delivering such products. Furthermore, the session explores the role of catalytic finance in mitigating these challenges, emphasizing how innovative and patient capital can be utilized to catalyze additional investments and create an enabling environment for mainstreaming climate adaptation finance. Lastly, the session examines the response of the impact investing community, highlighting their active engagement in addressing the need for climate finance. It explores the strategies, initiatives, and investments pursued by impact investors to drive positive change and support inclusive climate adaptation for smallholder farmers.

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