

FP048 – IDB -- Climate-Smart Agriculture Risk Sharing Facility for MSMEs --NOTE: *not delivered*

CSO comments on the project given as intervention during the 18th GCF Board Meeting, October 2017

- We would like the term “Climate Smart Agriculture” to be removed from the document, including its title. Because of the controversial Global Alliance on Climate Smart Agriculture, this is a loaded term that will send the wrong signal to many, such as the 300+ civil society organizations (and the farmers represented by many of them) who signed a letter in 2015 opposing the Climate Smart Agriculture framework. These organizations cited the lack of social and environmental criteria, and heavy participation from agribusiness corporations but not farmers, as a clear warning sign that Climate Smart Agriculture might be a greenwashing exercise rather than a genuine effort to truly maximize the climate and social benefits of agriculture. Agroecological approaches offer a clear alternative that are highly compatible with the GCF’s mission.
- We are concerned that most of the GCF concessionality could be captured by lending institutions and not passed through in the form of reduced interest rates to small scale agricultural producers, due to the focus on de-risking long-term debt of second-tier lenders (p.50). This shortchanges the micro and small segment of agricultural producers, again, mostly women, for which the issue is not just access to finance, but also access to AFFORDABLE credit.
- On gender issues specifically, it is good that the project includes a gender analysis and a gender action plan with important mandates, such as the development of sub-project specific targeted actions as well as a commitment to a standard approach to monitoring gender-disaggregated data. Ideally, we would like to see a stronger focus on addressing gender-specific barriers to access to finance (such as requirement for collateral) beyond the capacity building for EEs, for example by requiring preferential access to the funding provided, or a guaranteed financial set-aside for women micro-and small agricultural entrepreneurs.
- As with other private sector activities that have come to the Board, the efficiency and effectiveness of the project hinges on whether as much private sector co-financing as suggested can be leveraged. There are no clear private sector co-financing commitments (at least none that we can see, as the list of tentative pipeline is redacted).