

4x4 Asian Agricultural Climate Finance Summit

CASA 4x4 Boxset 5 is driven by feedback from the investor panels at the CASA and Grow Asia organized Asian Agricultural Climate Finance Summit held in November 2021. It encouraged four investor panels to explore ideas for action to increase investment in climate-smart agriculture:

Mobilizing \$100 billion climate finance

- A trillion dollars of green bonds will be issued in 2022; however, **agriculture remains an insignificant beneficiary of this capital**. Whilst issuing bonds to smallholder farmers is clearly impractical, targeting agricultural banks that lend to SMEs and smaller stakeholders is a possible solution.
- **Securitization could crowd in private capital**, creating pools of projects deploying similar technologies or geographies.
- **Concessional capital** would de-risk the pool of investment and due diligence by the DFIs to reassure private investors.
- Effective reach can be delivered in **partnership with market leaders**, such as off-taking food brands or leading input/equipment suppliers to issue bonds to deploy their products at scale. This requires business model innovations such as a subscription model or convenient financing for farmers.
- **Data** should support the non-financial climate benefit aspects of investments.

Working towards Net Zero

- There needs to be a **clearer Net Zero narrative** for investors to be able to answer questions about their contribution.
- **New taxonomies** that strengthen non-financial reporting are a step in the right direction but need to be supported by **greater investor education** to move climate investment concepts from impact investors into mainstream investment portfolios.
- The **evidence needs to be improved** to justify investments and solidify the existing nascent carbon markets to crowd in capital. As businesses scale, more robust toolkits and methodologies would be required to quantify emissions.
- Investors identify immediate investment opportunities in **novel foods and feeds and cold chain storage to reduce waste**. In the longer term, reusing and recycling products will be commonplace in all value chains, not just in agri-food systems.

Promoting nature-based solutions

- Clarity is needed around **what encompasses investable nature-based agriculture**.
- **Improved measurement techniques** should capture what is happening as nature-based solutions scale (e.g. how to account for belowground biodiversity).
- Investors saw **a role for CASA and Grow Asia** to use their convening power, to coordinate data collection and showcase promising work.
- **Fund managers** could collaborate to coalesce thinking on **credible climate indicators and an evidence base** to move the narrative into mainstream investments.
- **Large European retailers** will increasingly demand actions to **reflect consumer pressure** for improved environmental stewardship & ethical sourcing – aligned to improved smallholder productivity.
- **The investment case may have to be adapted to the Asian context** and bespoke implementation is required.
- It is likely to remain difficult to raise finance for smallholder projects. However, there are opportunities to **align funds for conservation and private capital for nature-based solutions**.

Improving agricultural resilience

- **Investors need improved narratives and datasets** outlining climate-smart investment opportunities. Currently, perception may over-inflate the risks – hampering investment in the sector.
- **Building resilience and adaptive capacity** avoids business interruption from climate shocks and stresses.
- **Adaptation benefits occur over longer periods** and are not always directly to investors, meaning incentives need to be further explored. Endowment, permanent or open-ended capital vehicles would recognise the long-term nature of the challenge better than Closed-End Funds.
- **Funding models need to support operational maintenance** for farmers and other essential areas.
- **Blended finance structures** should be explored to catalyze more investment into agri-SMEs and companies reaching smallholder farmers.
- As with Fair Trade and organics, **climate investments will require price increases to be passed on to consumers**, to reflect the true cost of production
- **Technical assistance** is important at farmer and enterprise level especially in risk mitigation.

Relevant links

[Sign up for the Newsletter](#) | [Watch the 4x4 boxset](#) | [Download the CASA report 'Private finance investment opportunities in climate-smart agriculture technologies'](#) | [Contact CASA](#) | [Contact Grow Asia](#)