

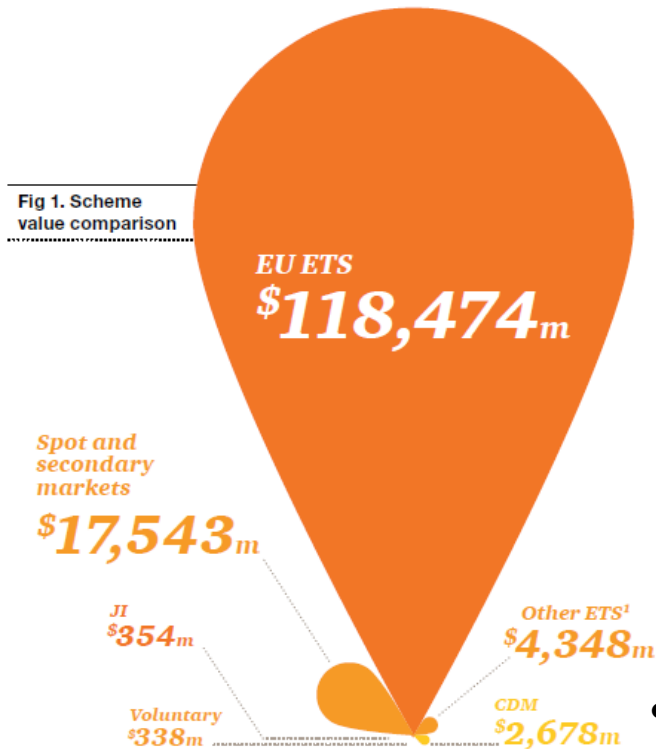
***Climate-Smart
Agriculture: unblocking
the potential through
smart financing***

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CSA: the scale of the market opportunity

- Carbon markets have the potential to generate significant funding for CSA

- However ineligibility criteria for certain credit types is restricting demand in key markets:



Scheme / market	Eligible AFOLU activities	Ineligible AFOLU activities
CDM	<ul style="list-style-type: none"> •manure management • urea offset •A/R •bio-energy 	<ul style="list-style-type: none"> •REDD •soil carbon management
EUETS	<ul style="list-style-type: none"> •manure management •urea offset •bio-energy 	<ul style="list-style-type: none"> •REDD •soil carbon management •A/R
Voluntary	<ul style="list-style-type: none"> •Manure management •urea offset •A/R •REDD •soil carbon management •bio-energy 	

- Will future compliance markets present opportunities?
- What is the size of the low carbon commodity market?
- NAMAs and other national schemes

Barriers to investment in CSA in Africa

Traditional investment barriers:

- Market access
- Infrastructure
- Start-up costs
- Skills and knowledge
 - Land tenure
 - Low productivity
 - Market volatility
 - Harvest risk
- Small-scale/insufficient economies of scale

Lack of knowledge of CSA methods

Low voluntary market carbon price

High MRV and transaction costs

Expectations about carbon revenue

Lack of suitable carbon methodologies

Early stage CSA investment is risky, which raises the minimum return required

Short-term opportunity cost of CSA practice adoption

Permanence issues

Uncertainty over compliance market opportunities

Enabling actions to scale up CSA investment in Africa

1. Get the basics in place

Donor/host govt finance as 'patient capital' to help farmers overcome barriers to entry (e.g. extension services)

2. Create PPPs (blend sources of finance)

To leverage private equity - funds structured to deliver commercial RoI **AND** climate-smart agricultural development

Upside sharing can replenish funds

Debt: partial risk loan guarantees can transfer credit risks from lender to guarantor (public body/insuror)

Public support declines overtime. Success = no support!?

3. CSA specific needs

CSA carbon methodologies and low cost MRV systems that support landscape approaches (and the REDD+ interface)

Donor supported "proof of concept" project development to inform compliance market legislation/'investment ready'

Understand the size of the low carbon commodity market



Thank you

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