Climate finance neglects small-scale farmers – new report

Rome, 12 November 2020 – Only 1.7 per cent of climate finance – a fraction of what is needed - goes to small-scale farmers in developing countries despite their disproportionate vulnerability to the impacts of climate change, according to a report released by the UN’s International Fund for Agricultural Development (IFAD) and Climate Policy Initiative (CPI) today.

Examining the Climate Finance Gap for Small-Scale Agriculture is the first detailed analysis of climate finance flows to small-scale farmers. It is released during the Finance in Common Summit where representatives of the world’s 450 Public Development Banks are meeting for the first time to discuss how to reorient financial flows to support global climate and development targets.

The report shows that while financing that supports actions to address climate change surpassed half a trillion US dollars for the first time in 2017 and 2018, only $10 billion of this reached smallholder farmers annually.

“It is unacceptable that the people who produce much of the world’s food, and who are at the greatest mercy of increasingly unpredictable weather, receive the least support,” said Gilbert F. Houngbo, President of IFAD. “Small-scale farmers living on marginal lands are on the frontline of climate change and should have access to the climate finance they need to adapt their production.”

“Our findings show that only a small percentage of the money invested in climate action globally makes its way to smallholder farmers. This lack of financing could have dire effects, as smallholder farmers urgently need more support to sustain their livelihoods in the face of climate change,” said Dr Barbara Buchner, CPI’s Global Managing Director.

Small-scale farmers currently produce 50 percent of the world’s food calories. However, higher temperatures - together with increased incidences of drought and flooding - destroy crops and livestock and make it difficult for them to continue to feed their communities and earn a living.

While there are no exact figures available of what climate financing small-scale farmers require, various estimates of their general needs are in the order of hundreds of billions annually, which gives an indication of the magnitude of the climate investments required.

“Governments must make sure that climate finance gets to the people who need it most, and smallholder farmers should be top of that list, not at the bottom,” said Margarita Astralaga, IFAD’s Environment, Climate and Social Inclusion
Director. “IFAD aims to support this by increasing public and private climate finance flows to small-scale farmers.”

IFAD is the only multilateral development organization focused on eradicating hunger and poverty in rural areas. Next year it will launch ASAP+, a climate financing mechanism envisioned to be the largest fund dedicated to channelling climate finance to small-scale producers to help them adapt to climate change and combat hunger and malnutrition.

ASAP+ builds on IFAD’s Adaptation for Smallholder Agriculture Programme (ASAP), the largest global climate adaptation programme for smallholder farmers, which has already channelled more than $300 million to more than 5 million farmers in 41 countries.

Note to editors:
Follow the Climate Financing for Farmers event: 13 November, 9 a.m. ET | 3 p.m. CET

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IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US$22.4 billion in grants and low-interest loans to projects that have reached an estimated 512 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations food and agriculture hub.

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