

WEST AFRICAN INITIATIVE FOR CLIMATE-SMART AGRICULTURE

TYPE: ADAPTATION; MITIGATION

STREAM: SUSTAINABLE AGRICULTURE FOR
SMALLHOLDER FARMERS

GEOGRAPHY: WEST AFRICA

LAB CYCLE: 2019

PROPONENT: COMMISSION OF THE ECONOMIC
COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

Climate change is impacting agricultural productivity in West Africa. Smallholder farmers, who supply up to 80% of produce in the region, are among the most vulnerable to its effects. Climate-smart agriculture (CSA) can offer smallholders a way to better absorb climate shocks and sustainably increase productivity and income.

Yet public and private investments into agriculture remain insufficient, due to high transaction costs and the risks associated with the sector. Coupled with unaffordable financial services and lack of information, the high upfront costs of implementing CSA practices limit the ability of smallholder farmers in West Africa to adopt CSA practices.

WAICSA builds climate resilience among smallholder farmers, by providing financial and technical support to incentivize adoption of climate-smart agriculture, and increasing local financial institutions' capacity for climate-smart lending.

INNOVATION

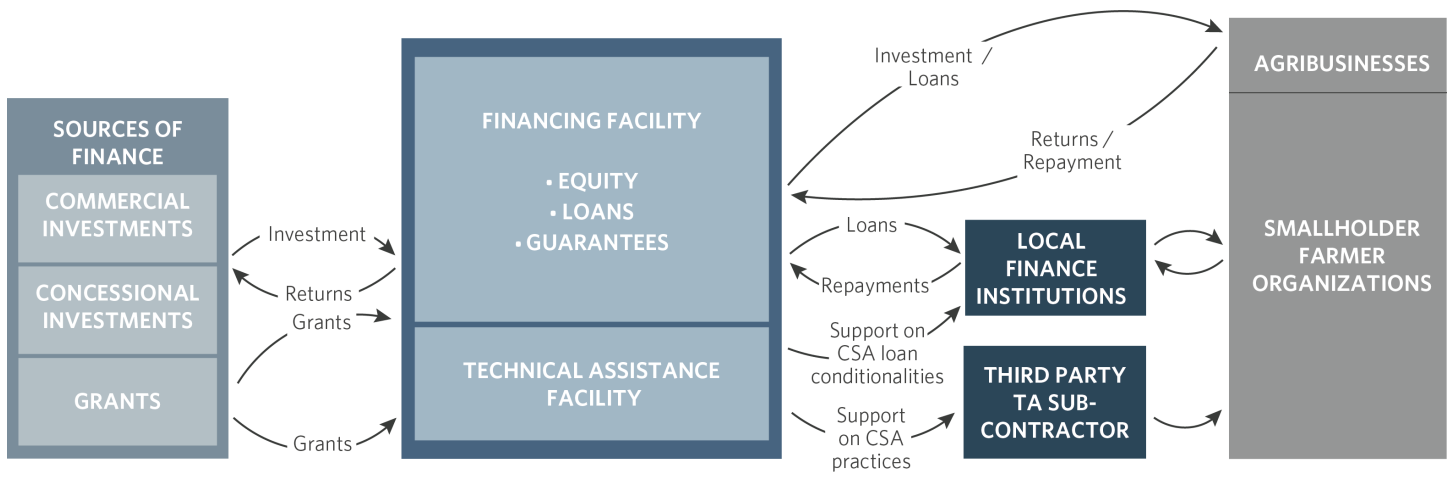
The West African Initiative for Climate-Smart Agriculture (WAICSA) is the only West Africa-led blended finance fund with a specific focus on increasing the uptake of CSA practices by smallholder farmers. By mobilizing public and concessional capital, WAICSA is able to provide subsidized interest rate loans to smallholders' organizations and agribusinesses of ticket size below US\$ 1 million, thus making credit more accessible. WAICSA also builds the capacity of local finance institutions to design loan products with CSA adoption conditions, helping bring additional resources to this sector. In addition, technical guidance on CSA implementation is provided to bridge the knowledge gap and further support smallholders to adopt these practices and comply to loan conditions.

At scale, WAICSA can improve the food security of 90,000 smallholder farming households in West Africa, and mitigate emissions equivalent to over 4 billion miles of driving.

IMPACT

An initiative led by the Commission of the Economic Community of West African States (ECOWAS), WAICSA will target six of the 15 ECOWAS member states in its pilot phase, with the objective of being replicated in all 15 states after the concept is proven.

At scale, WAICSA has the potential to improve food security of 90,000 smallholder farming households in the region and convert over 185,000 hectares to climate-smart agriculture. The fund can also contribute to mitigating up to 2 million tonnes of CO₂ emissions a year, which is equivalent to over 4 billion miles of driving.



DESIGN

WAICSA is composed of a Financing Facility (80% of the fund), managed by the ECOWAS Bank for Investment and Development (EBID), and a Technical Assistance Facility (20% of the fund), managed by the Regional Agency for Agriculture and Food (RAAF).

The Financing Facility offers subsidized-rate loans, guarantees, and equity investments to agricultural businesses and smallholder organizations, both directly and through local finance institutions. It uses guarantees and blended finance, including contributions from ECOWAS Member States and investments from the fund manager, to de-risk and crowd-in private investments. Embedded into WAICSA's financial products are conditions meant to incentivize the adoption

of CSA by smallholders, thus reducing their exposure to climate risk.

The Technical Assistance Facility is financed through grants and subsidies from ECOWAS and donors. It supports financial intermediaries to design loan products that integrate CSA conditionality and guides smallholders in implementing locally adapted CSA practices. In this way, the Technical Assistance Facility further de-risks investments, ensuring favorable conditions for repayment of loans by providing support for CSA practices that offer improved productivity and income.

TEAM



SÉKOU SANGARE
COMMISSIONER FOR AGRICULTURE, ENVIRONMENT,
AND NATURAL RESOURCES, ECOWAS COMMISSION



ABDOULAYE FALL
VICE PRESIDENT OF OPERATIONS, ECOWAS
BANK FOR INVESTMENT AND DEVELOPMENT

INVESTMENT OPPORTUNITIES

TYPE	ROLE OF CAPITAL	AMOUNT
COMMERCIAL INVESTMENTS	Loans and equity investments through the Financing Facility	US\$ 20MN
CONCESSIONAL INVESTMENTS (DFIs, PUBLIC)	Loans and equity investments through the Financing Facility	US\$ 20MN
DONORS/GRANT PROVIDERS	Technical Assistance Facility	US\$ 14MN

The Global Innovation Lab for Climate Finance identifies, develops, and launches innovative finance instruments that can drive billions in private investment to action on climate change and sustainable development. The Lab is funded by the Australian Department of Foreign Affairs and Trade, Bloomberg Philanthropies, the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU), GIZ, the International Fund for Agricultural Development (IFAD), the Netherlands Ministry for Foreign Affairs, The Rockefeller Foundation, Shakti Sustainable Energy Foundation, and the UK Department for Business, Energy & Industrial Strategy. Climate Policy Initiative serves as Secretariat.