

Harnessing Collective Wisdom to Catalyse Sustainable Finance

Inspired by the adage – two heads are better than one – SEED’s Practitioner Labs Climate Finance take on the challenge of finding solutions to the pressing issue of delivering finance to small and medium enterprises in developing countries by taking the question to a diverse team of stakeholders and together creating the answers. At the latest Practitioner Labs Climate Finance, RCC Bangkok, as one of the challenge hosts, presented for discussion a prototype under development – a sustainable bond facility for microfinance institutions in the region.

These Labs bring together practitioners and experts with an interest in addressing developmental challenges and then support participants in jointly developing targeted solutions specific to their organisations and sectors.

After a successful Lab in Uganda conducted in partnership with our colleagues from RCC Kampala (you can read more about that [here](#)), the Practitioner Lab Climate Finance was recently held in Bangkok, Thailand.



At the Bangkok edition, RCC Bangkok designed and hosted the innovative irrigation finance challenge led by Yossef Zahar, our finance expert and Yuqing Ariel Yu from our partner Institute for Global Environmental Strategies (IGES). The challenge presented was the need to shift financially constrained smallholder farmers to using more expensive smart drip irrigation techniques, preventing methane emissions as well as power consumption and water waste.

As a potential answer to this challenge, RCC Bangkok presented the prototype of a Sustainable Bond Facility for regional Microfinance Institutions – which we originally developed through the [Green Investment Catalyst](#) process and was presented at the GIC-RT in Singapore earlier this year. This facility would be instrumental in spurring investment in climate action by ensuring transparency and thus increasing confidence of lenders and investors and better channel investment to regional microfinance institutions who in turn would support smallholder farmers in making the shift to climate friendly irrigation practices.

The challenge team – which comprised of experts in agriculture, finance, and international development, coming from organizations as diverse as UNDP, USAID, Netafim, and Bayer Corporation – discussed the delivery approach of the sustainable bond facility, potential partners to engage, as well as limitations to implementation and possible mitigation strategies.

The team concluded that the question of sustainable irrigation practices needs a multi-pronged and multi-stakeholder approach, activating the government, local financial institutions, local vendors and service providers,



and the community, to mitigate the risks involved with lending to small farmers in developing countries. The innovative guarantee structure in the sustainable bond facility prototype has the potential to channel much needed finance to entities that are traditionally not seen as secure investments.

The outcomes of the Practitioner Labs Climate Finance will be further refined and developed over the coming months by the various challenge teams.



In addition to our innovative irrigation financing solution, the event also consisted of two other challenge teams – one on the role of blockchain in decentralized renewable energy, of which Jens Radschinski, Head, RCC Bangkok was a part, and another on the role of blockchain in conservation finance.

SEED is a global initiative founded by UN Environment, UNDP, and IUCN, and is based on the understanding that promotion of social and environmental entrepreneurship is pivotal for sustainable development and poverty reduction. They run Practitioner Labs Climate Finance in selected countries across the globe (South Africa, Uganda, India, Thailand).

Read more on the SEED Practitioner Labs Climate Finance [here](#)

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