

In the pastoral setting, women and children are the most vulnerable. Initiatives to support sustainable resilience of the pastoralists will improve household livelihood, income, and access to food. Reducing shocks due to drought will preserve assets and reduces dependence on food and feed aid. The solution requires technological innovations from national and international research institutions

92. PRODUCTION FINANCE IN DISASTER AREAS OF SOUTH AFRICA

ACTION AREA	CLIMATE RESILIENT DEVELOPMENT PATHWAYS
SOLUTION CLUSTER	CLIMATE RISK REDUCTION & MANAGEMENT
THEMATIC AREA	CLIMATE INSURANCE PRODUCTS
SUBMITTED BY	SOUTHERN AFRICAN AGRI INITIATIVE, SAAI

WHAT ARE THE KEY THEMES THAT NEED TO BE CONSIDERED TO ADDRESS FOOD INSECURITY AND ENHANCE FOOD SYSTEMS RESILIENCY?

Inclusiveness: Food systems differ based on geography. Therefore, there cannot be a one-size-fits-for all approach because circumstances and production realities differ from continent to continent and region to region. The approach should be based on common ground and inclusiveness, where no one will be left behind. All farmers, including women and young farmers deserve to be empowered and provided with the same resources in terms of i.e. access to land, inputs, finance, education, to maximize their contribution towards more resilient food systems, as well as to prepare the future farmers' leadership.

Transparency: Transparency of information is required at all levels from global to grassroots, as well as in feeding the international discussion with the farm level experiences and best practices that are ready for scaling up and replication in other countries. The flow of information must be timely and effective to allow all actors to make proper decisions and take robust actions for the benefit of the world farmers and the whole population. The digitalization has to be improved as an instrument of knowledge and transparency of the chain and at the same time the property of data has to be considered a priority for farmers. Transparent and trustful relationships between farmers and consumers (the first and final stage of the food value chain, where open traceability is available) must be promoted. The farmers' share of value added in the whole approach must be not only valorised but also restored.

Farmers' driven: Farmers are at the centre of food systems. Therefore, any policy- making process that has an impact on the farming sector at local, national, and international levels should involve them, through their organized structures. Representatives of farmers' organisations and cooperatives must therefore also be partners in the discussion and decisions on sustainable food systems and the 2030 Agenda for sustainable development. This approach applies to decision-making processes and its implementation, monitoring and evaluation actions

Reference:

WFO-Policy-Paper-on-Sustainable-Food-Systems_approved-by-the-WFO-2020-GA_EN.pdf (wfo-oma.org)

WHAT DO YOU THINK CONSTITUTES SOCIAL RESILIENCE, ENVIRONMENTAL RESILIENCE AND ECONOMIC RESILIENCE IN FOOD SYSTEMS? WHAT ARE THE CROSS-CUTTING SOLUTIONS BETWEEN ECONOMIC, SOCIAL AND ENVIRONMENTAL RESILIENCE?

Ensuring social, environmental and economic resilience in food systems means recognizing the multidimensional nature of the farming activity replacing the old vision of agriculture as a simple “provider of raw material”. Farmers ensure food security providing quality food; they are at the forefront of combating climate change; they preserve and promote biodiversity; they are committed to nurture farmer-driven research and innovation. This translates into social resilience, environmental resilience and economic resilience in food systems.

Therefore, if we aim to align and lay the foundations for the necessary shift towards Sustainable Food Systems, this role has to be emphasised and mostly valorised, putting farmers at the centre of the transition towards sustainability.

Within the World Farmers' Organisation, awareness of the centrality of agriculture and the responsibility this entails for sustainable food systems is clear and has been formalised with the adoption, in June 2020, of a policy document marking “The Farmers’ Route to Sustainable Food Systems” https://www.wfo-oma.org/wp-content/uploads/2020/07/WFO-Policy-Paper-on-Sustainable-Food-Systems_approved-by-the-WFO-2020-GA_EN.pdf

A route based on three guiding principles: inclusiveness, transparency and the centrality of farmers in every strategic process.

WFO proposes to focus future commitments on the following cross-cutting actions, with the central role of farmers in each of these actions:

- Involving the whole value chain
- Fighting climate change
- Structuring disaster risk management
- Attaining global nutrition security
- Enhancing Research and Innovation
- Protecting biodiversity
- Deploying investments and incentives
- Valuing the livestock sector’s role
- Achieving food security
- Boosting the role of farmers’ organisations and cooperatives
- Promoting inclusiveness: youth and women are key to succeed.

WHAT SOLUTIONS CAN WE PROPOSE TO ADDRESS FOOD INSECURITY AND PREVENT FUTURE SOURCES OF CONFLICT, MANAGE TENSIONS AND OTHER STRESSES IN FOOD SYSTEMS ?

A set of solutions come from the Southern African Agri Initiative (SAAI) to respond to the drought crisis that has been affecting the Country for the past three years, causing a major debt problem for many family farmers, making them unable to get financing and obtain production loans.

The best practice consists in a supply or production contracts that stipulate a price and a supply date, with inputs financed based on this. The project also requires a harvest insurance.

Farmers that participate in the project are organised in agricultural cooperatives and it is the cooperative that enters in a supply contract to lend money for inputs, insurances. Farmers need his own minimum contribution of 30% to obtain the financing. In order to cover this amount, the five largest input providers were requested to leave each 6% of their invoices in the pool until the supply contract is honoured, so that they help carry a proportion of the risk.

SAAI and its partners also offer assistance by organising crowd funding and fundraising projects to create a collateral fund that to serve as a risk buffer and help make the projects and the farmers bankable so that in case the cooperative will not be able to pay the debts, the fund will cover the entire debt.

This will allow farmers to increase their resilience and continue producing and selling their products thus ensuring their livelihoods and incomes.

WHAT IS THE POTENTIAL ACTION THAT COULD BE TAKEN?

Reducing producers' vulnerabilities to shocks and crises, making sure they are able to prevent as well as to respond to events without losing everything they have invested on.

WHO ARE THE MAIN ACTORS THAT WOULD PUT THIS ACTION INTO PLACE?

Policymakers (government), Private (businesses, etc.), Civil (NGOs, etc.), Farmers, Farmers' Organization / Cooperatives,

WHERE ARE MAIN AREAS IN WHICH THIS SOLUTION WOULD MAKE CHANGES

- Food supply chains - Inputs
- Food supply chains - Production
- Food environments - availability
- Food environments - affordability

WITHIN WHICH CATEGORY DOES THIS INTERVENTION MOST EASILY FALL?

- Business incentives
- Supply Chain Infrastructure
- Subsidies, transfers and taxes
- Cross-cutting

IS THIS IDEA APPLICABLE TO A PARTICULAR GEOGRAPHY OR TYPE OF SETTING (E.G., SEMI-ARID AREAS, HIGHER- OR LOWER-INCOME COUNTRIES)?

The best practice comes from South Africa with the potential to be replicated and scaled in other Countries.

WHERE IS THIS IDEA COMING FROM?

The best practice was first shared in the context of the initiative "The Climakers", the Farmers Driven Climate Change Agenda conceived by the World Farmers' Organisation and carried out with different partners, with the aim to be assessed by science against climate smartness criteria and be scaled up and replicated in other Countries.

Reference: <https://www.theclimakers.org/wp/wp-content/uploads/2019/12/The-Climakers-Stories- from-the-Field-Volume-1.pdf>

ANY OTHER COMMENTS, INCLUDING EVIDENCE OR ARGUMENTS IN SUPPORT OR AGAINST.

The best practice was assessed against Climate smartness criteria by CCAFS, with the following results: "Climate-smart financial mechanisms are very important as a way to reduce agro-climatic risks and therefore, increasing resilience to climate variability. This initiative may benefit from tailored capacity building in local adaptation planning in order to understand how using current climate vulnerability and

short-term weather forecasts, farmers can plan their agricultural activities (crop planning, management and harvest) accordingly. Therefore, it could reduce the probability of yield losses when knowing how weather may behave and how each crop may be affected (e.g. water stress indicators). This will reduce the chance of losing the investment and better prepare to deal with climate variability. In some countries, index insurance products have been developed and put in place in order to secure farmers investments even before finishing the cropping season, because the triggers are associated to climate variables rankings according to the crop, agro-ecological zone, among other criteria (Greatrex et al. 2015)".

Reference: <https://www.theclimakers.org/wp/wp-content/uploads/2019/12/The-Climakers-Stories-from-the-Field-Volume-1.pdf>