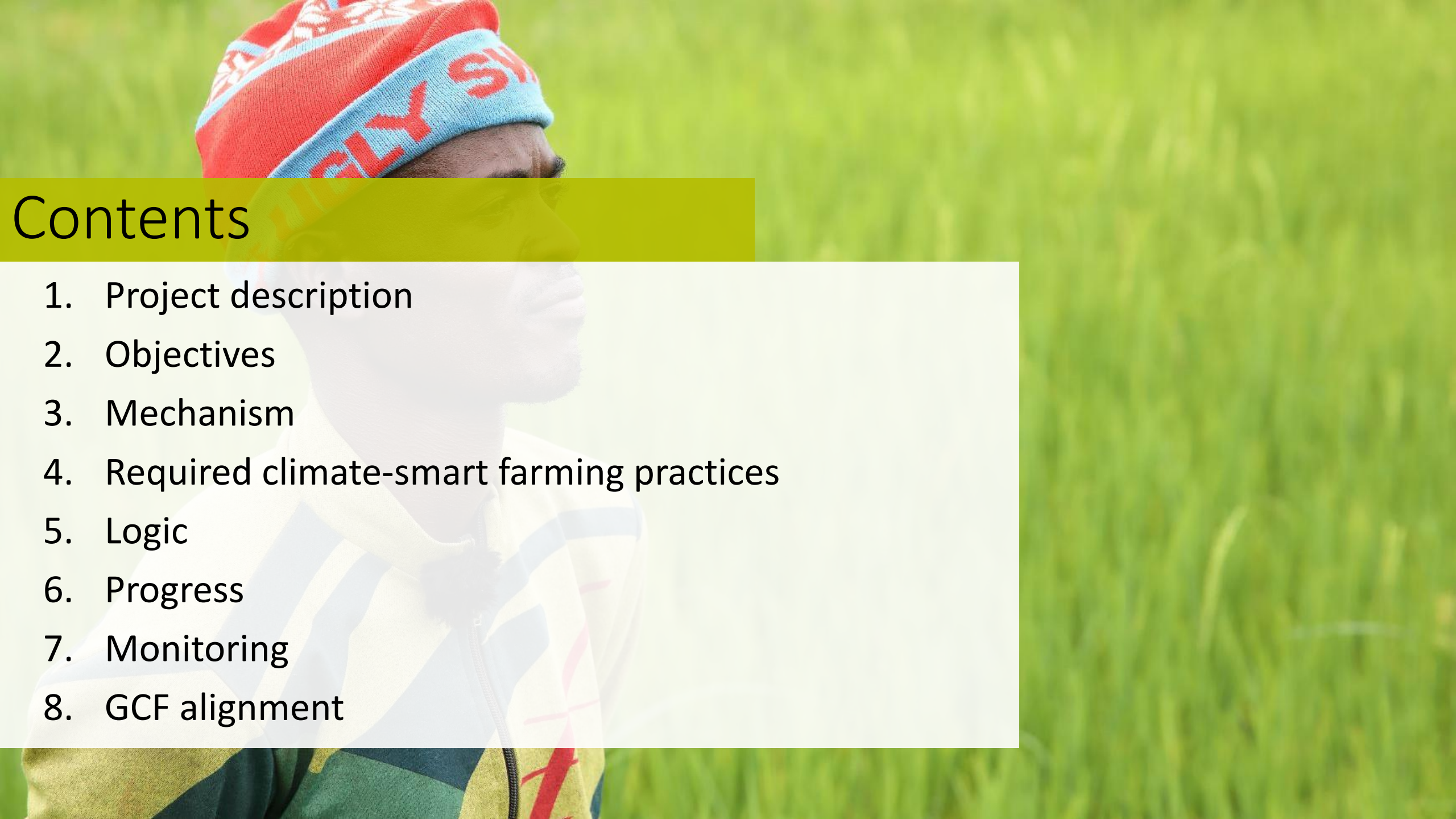
# Climate-Smart Lending Project Overview



# Contents

# 1. Project description

- CRDB, supported by Rikolto Tanzania, is implementing the climate-smart lending pilot project in Tanzania's Southern Highlands.
- The project promotes a three-year transition to sustainable rice farming by 1,750 small-scale rice farmers based on the Sustainable Rice Platform Standard.

# 2. Project objectives

- The project aims to improve environmental sustainability, and reduce yield risks and CO2 equivalent (CO2e) emissions by participating farmers.
- For CRDB, the project aims to demonstrate an approach to improve profitability and bolster the resilience of its agricultural lending portfolio against climate-induced impacts.
- Additionally, this initiative supports Tanzania's commitments to its Nationally Determined Contribution from the agriculture sector

# 3. Mechanism

1

**Design Financial Incentive**

Co-design with CRDB an appropriate financial incentive for farmers to transition to climate-smart farming practices, in this case an increased loan amount backed by loan guarantee.

2

**Design sustainable farm management system and provide training**

Co-design with farmer credit clients sustainable farm management measures to be included in loan terms.

3

**Issue of climate-smart loans**

Farmer receive climate-smart loans which include a requirement for adoption of SRP Standard farming practices (see overleaf).

4

**Loan repayment and implementation of climate-smart practices**

Farmers implement required climate-smart practices, agreed by them.

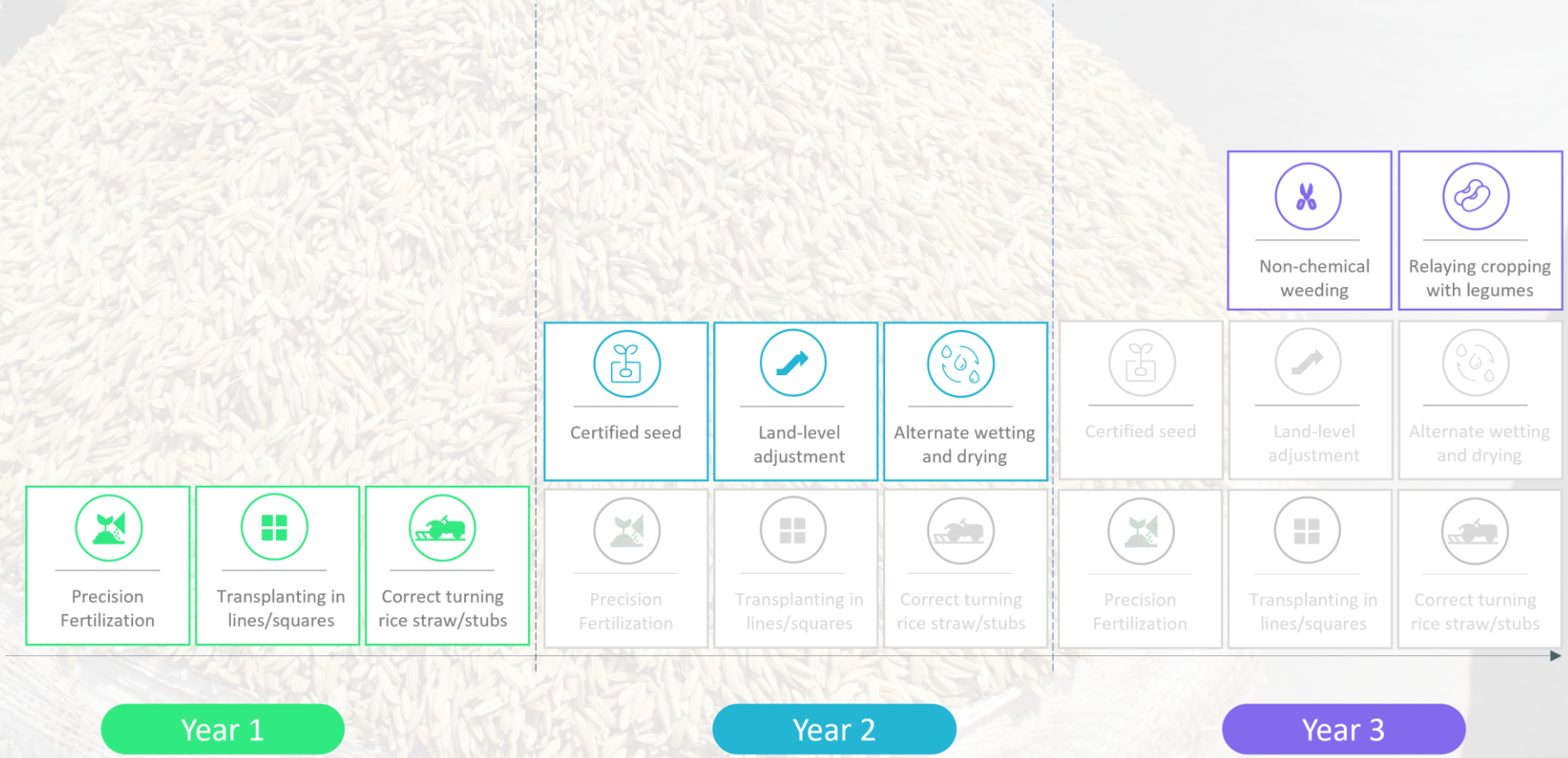
5

**Compliance and impact reporting**

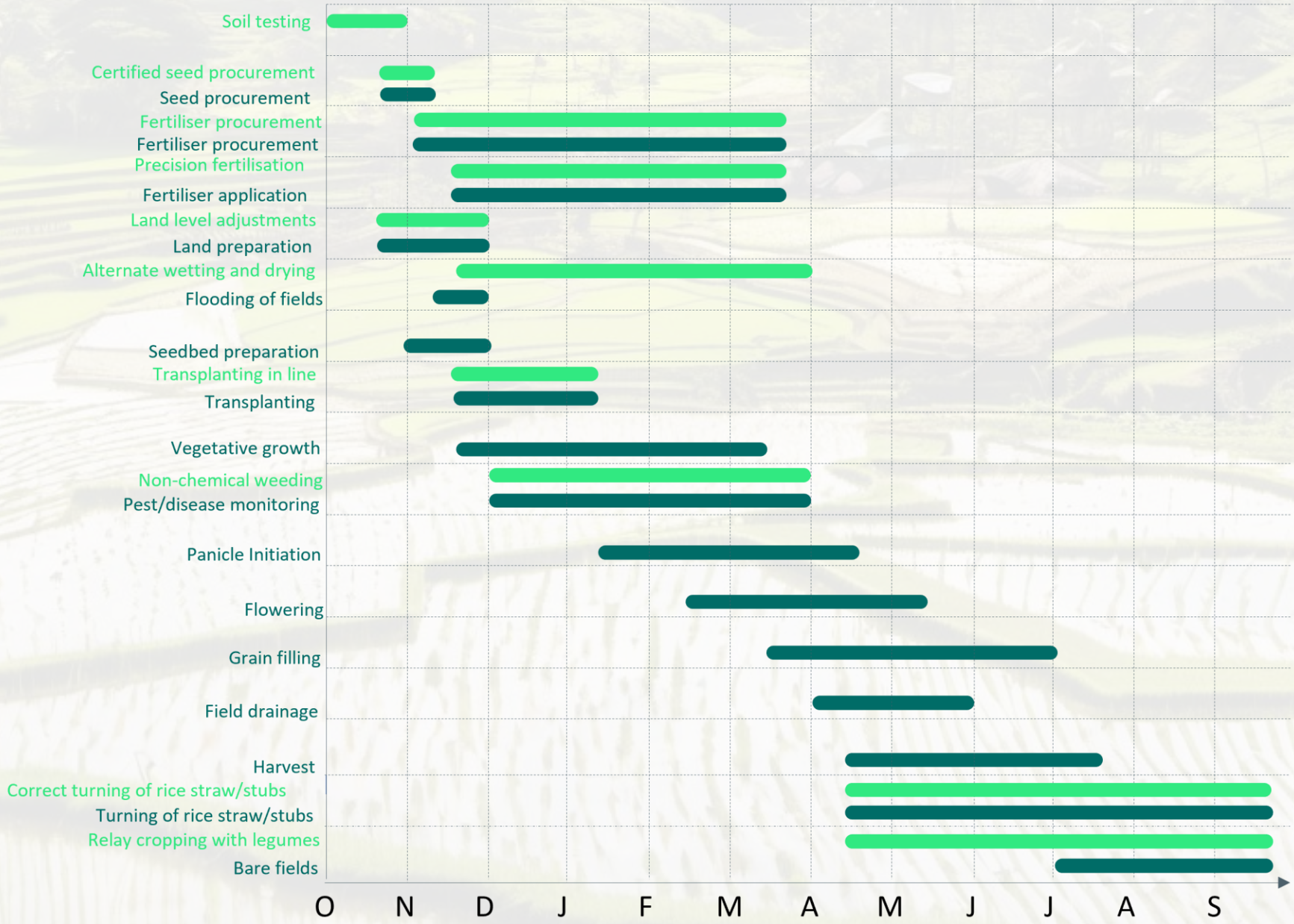
Farmer progress is tracked and reported.

# 4. Required Climate-Smart Practices

Required practices build incrementally over three years into an holistic system aligned with the Sustainable Rice Platform Standard.

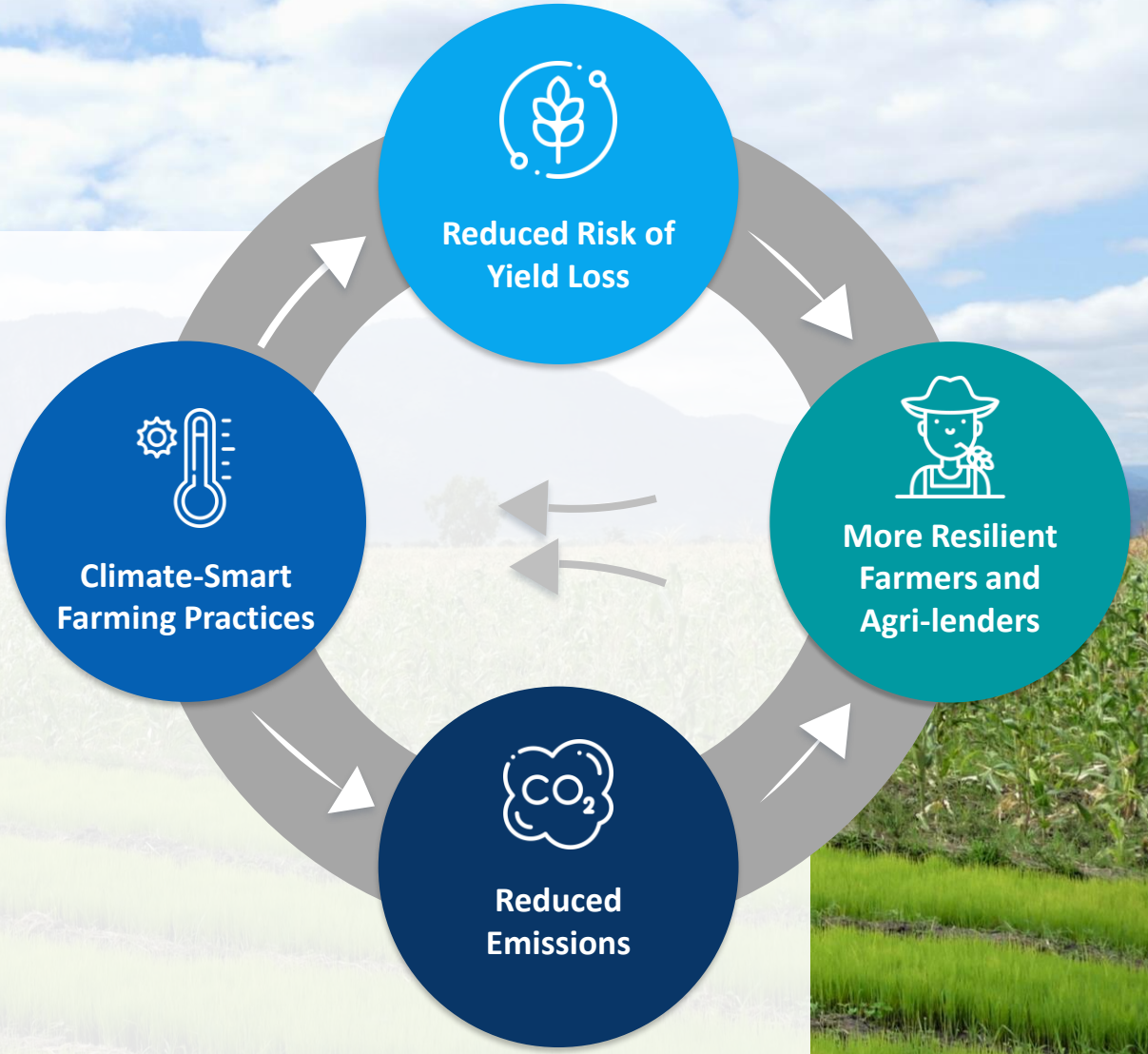


In the crop calendar, required practices are super-imposed on standard agricultural practices. In this image, dark green are standard practices and light green are additional climate-smart practices

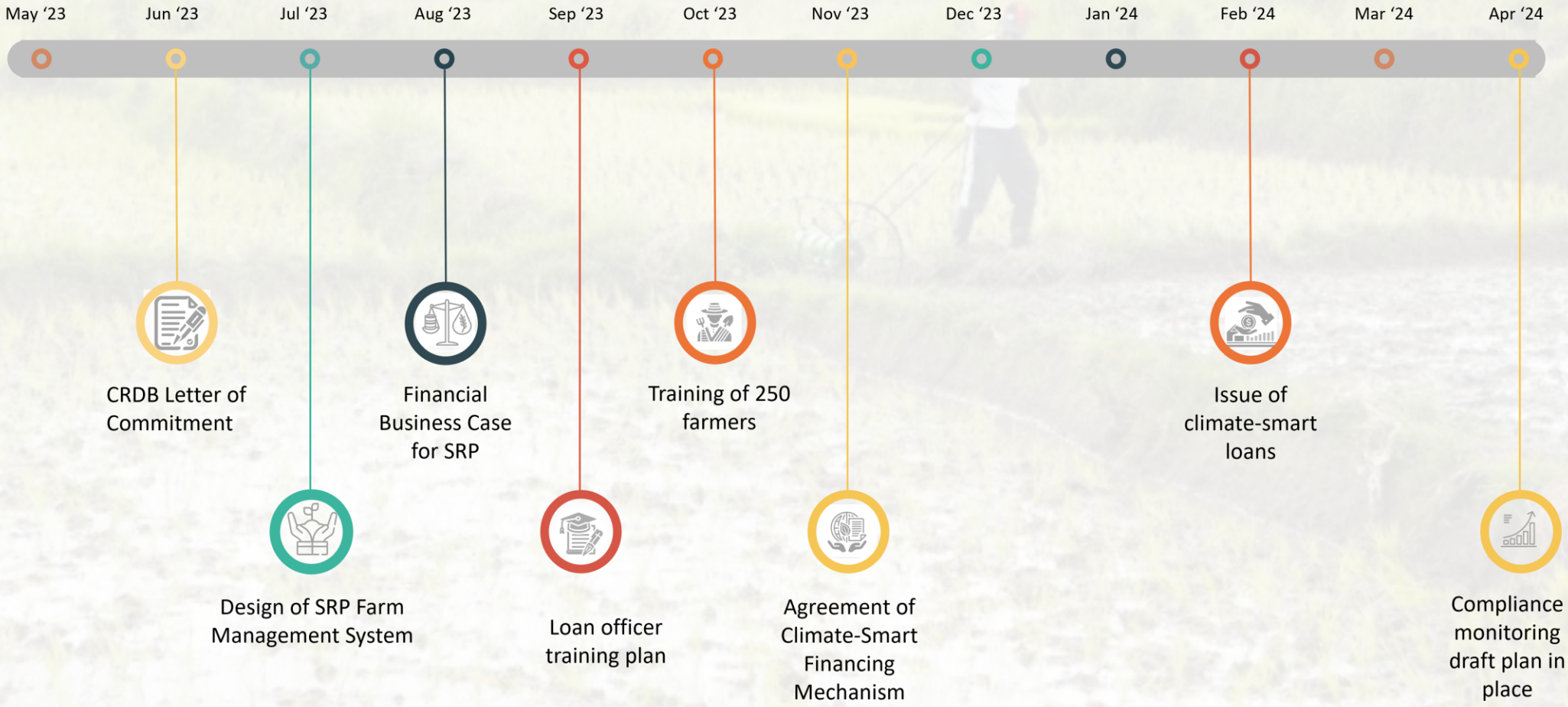


# 5. Project Logic

- Smallholder rice farmers are supported with training and financial incentives to adopt sustainable rice farming practices.
- These practices reduce risks associated with yield loss and farm-level emissions.
- Farmers who adopt these practices and their lenders become more resilient to climate-related weather shocks.
- In turn, more resilient farmers and agri-lenders are better able to invest in further climate-smart farming practices.



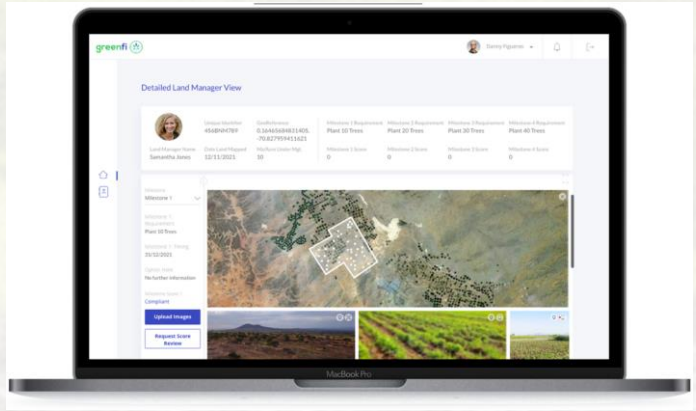
# 6. Progress

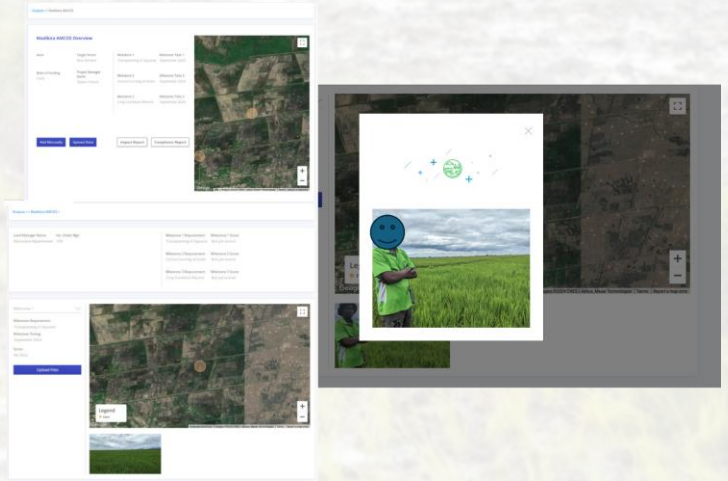

May '23
Jun '23
Jul '23
Aug '23
Sep '23
Oct '23
Nov '23
Dec '23
Jan '24
Feb '24
Mar '24
Apr '24
CRDB Letter of Commitment
Design of SRP Farm Management System
Financial Business Case for SRP
Loan officer training plan
Training of 250 farmers
Agreement of Climate-Smart Financing Mechanism
Issue of climate-smart loans
Compliance monitoring draft plan in place

# 7. Monitoring

**Level 1: Compliance Monitoring**

- Mid-season & end-season
- Carried out by Rikolto staff
- Uses KoboCollect to collect raw data, experimenting with openimpact.earth for data display



**Level 2: Impact Monitoring**

- Uses the SRP Performance Indicator (PI) tool
- Carried out by TARI
- Uses KoboCollect

# 8. GCF Alignment

- New business model designed to give proof-of-concept within CRDB that sustainable farming practices benefit farming clients and CRDB itself.
- The project creates an opportunity for private investment in climate adaptation and mitigation.
- By including requirements for compliance with sustainable farming practice among credit clients, the mechanism seeks to mainstream climate risks and opportunities in CRDB investment decision-making

# Further Information:

## Rikolto in East Africa


eastafrica@rikolto.org

www.rikolto.org/eastafrica

Twitter - Instagram: @rikolto

Linkedin.com/company/rikolto

Facebook: Rikolto in East Africa