

COP16 Side Event: Inclusive Financing for Climate-Smart Agriculture in the MENA Region

**6 December – 9:00 – 10:30 AM (KSA Time)
Food and Agriculture Pavilion**

The Middle East and North Africa (MENA) region is facing escalating climate risks, including rising temperatures, water scarcity, and prolonged droughts, which threaten food security and agricultural livelihoods. Building resilience to these climate impacts—especially in the context of food, land, and water systems—requires significant investments in climate-smart agriculture and sustainable land management practices. However, many small- and medium-scale farmers in the MENA region are financially unable to make these necessary investments. The barriers to accessing finance are especially pronounced for women, smallholder farmers, and displaced populations.

Women farmers, for example, often lack the legal permissions or collateral to access loans, while small farmers frequently do not possess the required land titles or documentation. Refugees, who play a vital role in agri-food systems in several MENA countries, are similarly excluded from financing mechanisms due to their displaced status. Existing loan products also often fail to meet the needs of these vulnerable groups, with cultural concerns around interest-based financing playing a major role in their rejection.

This panel session at COP16 will focus on identifying inclusive, user-centric financial mechanisms for building climate resilience in the MENA region. The session will explore successful case studies, the roles of different stakeholders, and the challenges and opportunities in designing and scaling financing products that empower marginalized farmers, particularly women and refugees, to adopt climate-smart agricultural practices.

Key Discussion Topics

The session will begin by examining the **barriers to accessing climate finance** that exist for smallholder farmers, women, and refugees. It will explore the systemic challenges these groups face, including issues around land titles, collateral requirements, and legal restrictions. Many smallholder farmers, particularly those in marginalized communities, are unable to access the capital needed for climate-smart investments because they lack the necessary documentation or collateral to secure loans. Similarly, women, especially in rural areas, often face additional legal and cultural barriers that prevent them from accessing financial services. Refugees, who contribute significantly to local agri-food systems in the region, are further excluded from formal financial mechanisms due to their displaced status, further compounding the challenges faced by the agricultural sector.

The session will also focus on **inclusive financing models** that have been successful in addressing these barriers. By showcasing case studies and examples of microfinance programs, gender-responsive financing, and other innovative financial instruments, the panel will explore how these models can be scaled to meet the needs of farmers in the region. These models aim to ensure that marginalized groups are not excluded from climate resilience investments, and that financial products are accessible and effective in promoting sustainable agricultural practices.

A major area of discussion will be the importance of **designing user-centric financial products** that are tailored to the specific needs of smallholder farmers and marginalized groups. Financial mechanisms need to be flexible, affordable, and accessible in order to meet the unique needs of farmers, particularly in the context of climate change adaptation. The session will explore how financial products can be designed to align with the local context, addressing the specific challenges faced by farmers, while also being culturally acceptable and financially viable.

The session will also explore the **roles of different stakeholders**, including governments, the private sector, and civil society organizations, in removing barriers to finance and ensuring that financing solutions are inclusive and effective. Collaboration between these sectors is essential for creating an enabling environment for inclusive finance. Public-private partnerships, policy reforms, and better coordination between stakeholders will be critical in developing and scaling financing mechanisms that can drive widespread adoption of climate-smart agriculture.

Finally, the session will discuss the importance of **cultural sensitivity in financial products**. In many parts of the MENA region, interest-based loans face significant resistance due to cultural and religious concerns. It is essential that financial products be designed in a way that is compatible with local values and practices. The panel will explore how financing instruments can be structured to overcome these cultural barriers and ensure greater acceptance and uptake.

Expected Outcomes

The session aims to produce the following outcomes:

1. **Review of Inclusive Financing Approaches:** A comprehensive analysis of existing inclusive financing models and their effectiveness in supporting climate resilience in the MENA region.
2. **Policy and Institutional Recommendations:** Suggestions for policy reforms and institutional frameworks that can reduce barriers to finance and support the large-scale uptake of climate-resilient agricultural practices.
3. **Framework for Stakeholder Collaboration:** A collaborative framework for engaging public, private, and civil society actors in the development of inclusive financing solutions.
4. **Scaling Inclusive Financing Models:** Guidelines on how to scale successful financing models to ensure broader access to climate-resilient investments for smallholder farmers and marginalized groups.