



# Building the Investment Case for Adaptation in Agriculture & Food Systems in 4 African countries

Under AAAP GCA launched a new initiative at Davos in January 2025 to boost private sector engagement in climate adaptation. Its objective is to strengthen financial systems in Africa to channel and deploy adaptation finance at scale. The work with the private sector has, in 2025, started with domestic financial institutions. To demonstrate that agricultural adaptation is bankable, our market analysis will identify and build the investment case for select adaptation opportunities in Agriculture & Food systems in four countries: Tanzania, Kenya, Zambia and Democratic Republic of Congo.

# Adaptation Need

Africa’s agri-food systems are increasingly vulnerable to climate shocks, threatening both borrowers and financiers. Yet, in 2023, banks in East Africa provided only \$2Bn in agri-SME loans, and non-performing loan (NLP) rates for agri-business were ~40% higher than overall bank portfolio NPLs (Aceli, 2023). For Sub-Saharan Africa’s 50 million smallholder farmers, climate change is a daily reality, with crop losses of ~25-50% during climate shocks. Climate-driven yield fluctuations weaken borrowers’ ability to service loans, worsening exclusion from finance. Despite the private sector generating over 90% of employment and ~75% of economic output across Africa, its role in adaptation for agriculture is limited, fragmented, and poorly tracked—especially among micro, small, and medium-sized enterprises (MSMEs).

# GCA’s Added Value

GCA’s added value lies in the project’s private sector investment lens for adaptation. GCA aims to identify scalable, commercially viable adaptation solutions that can reduce long-term systemic risk and build resilience of farmers, businesses and communities. Further, GCA seeks to prioritize investments that are inclusive of underserved value chain actors such as women smallholder farmers and women-owned micro-businesses. Activities include: running climate risk assessments at the national level for each country, assessing the vulnerability of crop and livestock value chains, prioritizing high-impact gender-responsive adaptation solutions, providing quantitative insights on market size and the return on investment for select solutions, and identifying enablers for commercial banks and other inclusive financial service providers to scale investments in these solutions.

Total Investment Value Influenced

N/A

Beneficiaries

N/A

IFI Implementation period

2025

Program

Adaptation Finance

Status

In progress

Countries



SDG contribution



## PROJECT GOALS

### Mainstreaming Adaptation and Resilience:

GCA aims to scale its support to financial institutions across Africa for scaling adaptation finance in real economy sectors.

Once the financial returns for adaptation investments in agriculture and food systems are quantified, and financing structures and de-risking mechanisms are identified, GCA will be positioned to operationalize and track these investments. By equipping commercial banks with tools, data, and investment cases, they can assess climate risks and opportunities.

They will also be able to identify and finance bankable projects.

This will support clients such as farmers, agribusinesses, and other value chain actors in adopting resilient practices that boost productivity and protect revenues.

### Expected Outcomes

Stronger business case for select adaptation investments across four African markets

Shifting perceptions that limit private sector investment in agriculture

adaptation and resilience  
Greater uptake of agriculture adaptation solutions from borrowers  
Increased agricultural productivity and food security  
Private capital for adaptation investment mobilized at scale through product innovation, partnerships, and targeted capacity support to lenders

## TIMELINE

# GCA Support Status

Technical Assistance Preparation

GCA Support Implementation

June, 2025

GCA Support Completion

Monitoring

FINANCE

# Project Investment Value

CONTACTS

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PROJECT RESPONSIBLE

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GENERAL MEDIA INQUIRIES

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