



Concept Note

Regional Workshop on Leveraging Inclusive Climate Finance to Scale up Climate-Smart Agriculture Practices in the Lower Mekong Subregion

Date: May 8–10, 2024

Venue: Mekong Institute, Khon Kaen, Thailand

Mekong Institute (MI), in collaboration with Australia's Department of Foreign Affairs and Trade (DFAT), is implementing a project titled 'Promoting Climate-smart Agriculture Technologies and Innovations in Lower Mekong Countries'. As a part of this project, MI is organising a 3-day **Regional Workshop on Leveraging Inclusive Climate Finance to Scale Up Climate-Smart Agriculture Practices in the Lower Mekong Subregion** on May 8–10, 2024, with an overarching objective to enhance the resilience of agricultural value chains in the subregion by ensuring the availability of suitable, context-specific climate-smart agricultural (CSA) approaches, building technical capacity, facilitating access to climate finance sources, and fostering increased collaboration among key stakeholders.

Background:

The impacts of global climate change have become increasingly evident in recent years with rising sea levels, shifting weather patterns, and increasing frequency and magnitude of extreme weather events being observed all over the world. Significant progress has been made in decarbonising industries and sectors across the world, but unless greenhouse gas (GHG) emissions are steeply reduced, global temperatures will rise 2.0°C or higher above pre-industrial levels in the next century, according to the 2022 Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)¹. Furthermore, the agriculture industry alone accounts for nearly a quarter of global emissions². The countries in the Lower Mekong subregion are not exception to the abrupt changes in climatic condition, which has worsened water-related issues (e.g., El-Nino effects³, drought, and flood), affected agricultural productivity, and increased income inequality and subregional income disparity.

The countries in the Lower Mekong subregion are mainly dependent on agricultural production and trade due to its significant share in their respective economies, including its contribution to countries' Gross Domestic Product and employment. Consequently, the agriculture sector has been an important driver for regional integration and cooperation. While the sector has experienced steady growth in recent years, climate change poses severe risks to the region's socioeconomic development, particularly in food security, water management, value chain development, and biodiversity

¹ "Summary for policymakers," *Climate change 2021: The physical science basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*, IPCC, 2021.

² *Climate change 2022: Mitigation of climate change: Summary for policymakers*, IPCC, 2022.

³ According to the *Bangkok Post* "Experts are warning Thailand to brace for unusually low average rainfall that may lead to drought as a result of the El Niño weather pattern" and Thai scientists have predicted that from now to 2028 shows a high possibility of a long period of lower-than-average rainfall. This year's rain forecast is 10% less than 2022 (Bangkok Post: 16 June 2023).

conservation. In the past decades, important efforts have been made to ensure climate action is integrated within various national legal, policy, and financial frameworks. Most notably, the Greater Mekong Subregion (GMS) Working Group on Agriculture (WGA) which in its 20th annual meeting⁴ underscored the need to enhance (a) subregional cooperation on green and climate resilient agri-food value chains, and (b) green financing of small and medium agribusinesses.

Climate finance is a critical element/input for the transformation of agrifood systems⁵ to be sustainable and resilient to the climatic shocks. This potentially can tackle triple challenges faced by these countries: *Livelihood, Food security, and GHG emission*. The recent landscape study conducted by the Food and Agriculture Organisation (FAO, 2023)⁶ confirmed that the agrifood ecosystem in the region under the current threat of climate changes are facing four major challenges: (a) disconnect between climate resilient agrifood and investments in developing green infrastructure; (b) underdeveloped green supply/value chains as all the actors do not have the access to finance from public and private sectors; (c) capacity of both the supply and demand side actors to estimate the magnitude of loss due to climate change and other related factors; and (d) non-availability of sustainable business models, low-carbon investment instruments, low carbon technologies, trade practices, and policies that encourage environmentally sustainable development to agrifood sector.

The national governments in the subregion have initiated a number of efforts to mainstream finance for adaptation to CSA efforts and have engaged with regional and national development financial institutions. However, the flow of climate investments (both from private and public sector) to the downstream of agricultural value chain actors is reported to be negligible. Investments in CSA technologies and resilient AgriTech startups are much lower than for other technology startups^{7 8}.

While a paradigm shift is essential in adapting sustainable agricultural practices, there is an emerging need to provide updated knowledge and capacity for key stakeholders to adopt CSA practices and lay foundations to ensure suitable financial services are available and accessible. The national consultative workshops organised by MI in October 2023 revealed that awareness levels varied significantly in the Lower Mekong countries. Overall, majority of the respondents are 'somewhat aware' of impacts of climate to agricultural production in their countries. Information gathered from the above consultation workshops served as basis in developing the design for this regional workshop. These variations in understanding the definition of climate finance contributed to the perception that awareness on the subject was lacking in certain areas and triggered to offer updated knowledge and information through organising a workshop and address the gap of both the supply and demand side support system for integrating climate smart financial services with sustainable agricultural practices.

⁴ Held during 10-12 May 2023 in Siem Reap, Cambodia.

⁵ Special reference to agricultural value chain development at the sub-regional and regional level.

⁶ Das, P.K. & Cungu, A. 2023. *Green finance as a critical lever for delivering sustainable agrifood systems – A global landscape study*. Rome, FAO. <https://doi.org/10.4060/cc7402en>

⁷ KrASIA (20 April 2022). The future of agrifood tech in Southeast Asia: Agriculture in the digital decade. (<https://kr-asia.com/the-future-of-agrifood-tech-in-southeast-asia-agriculture-in-the-digital-decade>)

⁸ IFAD & Grow Asia (2021). Digital Agriculture in ASEAN: Strategies for Donor Impact (http://exchange.growasia.org/system/files/Digital%20Agriculture%20in%20ASEAN_FINAL.pdf).

Objectives:

The overarching objective of this three-day workshop is to increase awareness on the importance of inclusive climate-smart financing in the agriculture sector, provide a platform for knowledge-sharing and discussions among relevant stakeholders, and strengthen regional cooperation to adopt conducive policies for better economic incentives to small farmers and food producers in the Lower Mekong subregion. After the workshop, the participants must be able to:

- a) Identify specific challenges and opportunities for climate finance to promote sustainable agriculture and pathways for CSA transition. This will help strengthen the capacity of the supply side support system (i.e., government line departments, civil society organisations, and financial institutions).
- b) Understand enabling policies on inclusive CSA finance adopted by domestic financial institutions to strengthen financial sector to achieve the nationally determined contributions (NDCs) by the member states in the Lower Mekong subregion.
- c) Recognise climate finance instruments to align financial services and integrate environmental risks and opportunities into decisions that would drive lending, investment, and insurance by the sector to support sustainable agricultural value chains.
- d) Understand acceptable framework for voluntary carbon market in the Lower Mekong subregion and key financing mechanism in line with the ASEAN carbon market initiatives focusing agrifood sector.

Target Audience:

The workshop is expected to cater (a) officials from the line ministries, international agencies (multilateral/bilateral), civil society organisations dealing with policies and implementing projects under climate resilient agriculture, green value chain development, and other related areas; (b) representatives from the financial service providers (central banks, development banking institutions, commercial banks, insurance companies, etc.) offering and supporting green transition related financial toolbox to scale up financial services; and (c) interested academic experts. Global financial institutions and multilateral development banks will also be invited to support climate finance adaptation practices by the national governments/regional need to provide technical assistance and long-term funding support.

Workshop Methodology:

Each of the workshop session will be conducted through short keynote addresses by the experts, panel discussions with pre-identified key issues of the session, and a question & answer round. Some of the sessions will also feature facilitated dialogues, group work, and presentations for higher engagements of the participants.

The workshop will be conducted in 4 distinct sections and each of the sessions will deliver a clear output and message on collective progress towards achieving the goals identified under the Paris Agreement with special focus on adaptation of CSA and sustainable development of its value chains.

Provisional Programme:

DAY 1: May 8, 2024

Time	Description	Intervention
08:30–09:00	Registration	Mekong Institute (MI)
09:00–10:00	Opening session	1. Introduction to the Workshop 2. Welcome and Opening Address a) Welcome Address – MI b) Opening Remarks – Dr. Angela Macdonald PSM, Australian Ambassador to Thailand (TBD) c) Group photo
SESSION 1: SETTING THE TONE		
10:00–10:40	Session 1.1: Setting the tone This session will mainly focus on the impact of climate change on the agrifood sector and discover new approaches to make smarter decisions on climate related risks mitigation in agrifood sector.	1. Keynote Addresses: <i>1.1. Analysis of global scenario with respect to impact of climate change to agrifood sector</i> <i>1.2. Regional Scenario on emerging climate crisis and agriculture</i> Representatives from UNEP/UNFCCC (TBD)
10:40–11:00	Tea/Coffee/Networking break	
11:00–12:00	Session 1.2: Understanding climate smart agricultural technologies This session will emphasise on experience sharing with the member states on strategies and preparedness for transition to resilient and decarbonisation of agriculture sector.	The organizing team will develop 3-4 questions related to food system transformation issues and impact of climate change in lower Mekong countries. Representatives from Food and Agriculture Organisation (FAO), research institute, civil society working on CSA (TBD)
12:00–13:00	Lunch Break	
SESSION 2: CLIMATE FINANCE TO AGRIFOOD SECTOR		
13:00–15:00	Session 2.1: Importance of climate finance to agrifood sector This session will emphasise on the sub-regional and national level importance to climate finance with special reference to agrifood sector and its transformation.	<ul style="list-style-type: none"> • Group Discussions • Question & Answer Workshop Moderator (TBD)
15:00–15:20	Tea/Coffee/Networking Break	
15:20–17:00	Group Tasks (Grouping & Distribution): Formation of five groups from the participants and provide them with their topics to study	Workshop Moderator
18:00–20:00	Welcome Dinner	
		MI

DAY 2: May 9, 2024

Time	Description	Intervention
09:00–09:15	Recap of Day 1	Workshop Moderator
SESSION 2 (Cont'd)		
9:15–10:45	<p>Session 2.2: Climate finance to support responsible and sustainable agrifood sector</p> <p>This session will discuss the existing climate finance architecture in the sub-region and the role of the financial service providers to support sustainable agricultural value chain development.</p>	<p>Panel Discussions:</p> <p>a) Representative from National level Development Banks (NDBs) (TBD)</p> <p>b) Representative from Microfinance Institutions (TBD)</p> <p>c) Representative from regional/global non-government agencies (TBD)</p>
10:45–11:00	Tea/Coffee/Networking break	
11:00–12:00	<p>Session 2.3: Policy priorities to support investment and financing environment</p> <p>In this session the policy makers will discuss enabling policy support for financial incentives to spur farmer action whether through green premiums, subsidies, rebates, or other green-financing mechanisms.</p>	<p>Group Discussions</p> <p>Workshop Moderator</p> <p>Panel Discussions</p> <p>a) Representative from United Nations Environment Programme (UNEP) (TBD)</p> <p>b) Representative from Private sector entities (TBD)</p>
12:00–13:30	Lunch Break	
SESSION 3: POLICY ENVIRONMENT TO SUPPORT CLIMATE FINANCE TO AGRICULTURE		
13:30–15:30	<p>Session 3.1: Global climate finance initiatives to support agrifood sector</p> <p>The session will focus on the New financial architecture to support mitigating climate change by the multilateral/bilateral financing entities/development bank (MDB), and ongoing discussion on sourcing additional funding to support achieving the NDCs.</p>	<p>Keynote Address: Global funding opportunities to support national level initiatives of inclusive climate finance</p> <p>Representatives from Global Environment Fund (GEF) and Green Climate Finance (GCF) (TBD)</p> <p>Country Presentations from 4 LMB countries</p> <p>Representatives from the focal points in the Ministry of Finance from the 4 countries</p>
15:30–15:45	Tea/Coffee/Networking Break	
15:45–17:00	<p>Group Discussion The five groups (already formed on Day 1) will continue their discussions on the assigned topics to arrive at an acceptable output.</p>	Workshop Moderator

DAY 3: May 10, 2024

Time	Description	Intervention
09:00–09:15	Recap of Day 2	Workshop Moderator
SESSION 3 (Cont'd)		
09:15–10:45	<p>Session 3.2: Facilitating a framework for subregional carbon market to support sustainable agriculture</p> <p>This session will discuss the potential impact of carbon markets across the Lower Mekong subregion and acknowledge the key financing mechanism for broader framework on Carbon Markets Initiatives by ASEAN.</p>	<p>Group Discussions</p> <p>Moderator: Representative from International Rice Research Institute - Thailand / Stockholm Environment Institute (SEI) (TBD)</p> <p>Panel Discussions</p> <p>a) Representative from the Ministry of Agriculture / Ministry of Trade (TBD) b) Representative from Trade and commerce associations (TBD) c) Representative from Civil Society/Farmer groups (TBD)</p>
10:45–11:00	Tea/Coffee/Networking break	
SESSION 4: COLLABORATIVE ACTION PLATFORM TO FACILITATE CLIMATE FINANCE		
11:00–12:00	<p>Session 4: Collaborative action platform as enabler to scale up inclusive climate finance</p> <p>The session will focus on strengthening existing climate change secretariats /focal points to ensure effective collaboration, tracking and reporting of workable solutions and best practices across the countries.</p>	<p>Keynote Address: Effective collaboration platform to support and track financing decarbonisation of agriculture</p> <p>Representatives from ASEAN Secretariat / South-South Technical Cooperation (SSTC) (TBD)</p> <p>Group Discussion</p> <p>Workshop Moderator</p>
12:00–13:00	Lunch Break	
13:00–15:00	<p>Presentation of group assignments</p> <p>In this session, the groups will present their assignments and take questions from the audiences. the presentation protocol will be developed and shared with the group members during the workshop.</p>	<p>Moderator of the Session:</p> <p>Workshop moderator will be moderating the group presentations</p> <p>Group 1: 10 minutes for presentation and 5 minutes for Q &A Group 2: 10 minutes for presentation and 5 minutes for Q &A Group 3: 10 minutes for presentation and 5 minutes for Q &A Group 4: 10 minutes for presentation and 5 minutes for Q &A Group 5: 10 minutes for presentation and 5 minutes for Q &A <i>(Workshop moderator will summarise the group presentations)</i></p>
15:00–15:20	Tea/Coffee/Networking Break	

15:20–16:00	<p>Closing Session:</p> <p>The closing session will provide a summary of the main takeaways from the workshop and the next steps of engagements with the partners and collaborators</p>	<p>A summary of the takeaways</p> <p>Workshop Moderator</p> <p>Awarding of Certificates and Closing Remarks</p> <p>MI and DFAT</p>
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Proposed topics for group exercises

To organise group presentations, five groups are proposed to be formed on Day 1 and allow them to work on their assignments for presentation on Day 3 of the Workshop. An indicative group tasks is provided below for the workshop moderator to examine and finalise.

Group 1: How the understanding of CSA will be able to enhance impacts on food security in the subregion?

Group 2: Views of the group on climate finance taxonomy which will be helpful for the policy makers and the financial institutions to improve the reporting system.

Group 3: How do you explain the global trends in climate finance that would support achieving climate resilient agrifood system in Lower Mekong Nations?

Group 4: What kind of innovative financial services your group would recommend for the financial institutions to support the LMB subregion?

Group 5: To your understanding, what are the most critical policies which will support extending green finance?

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