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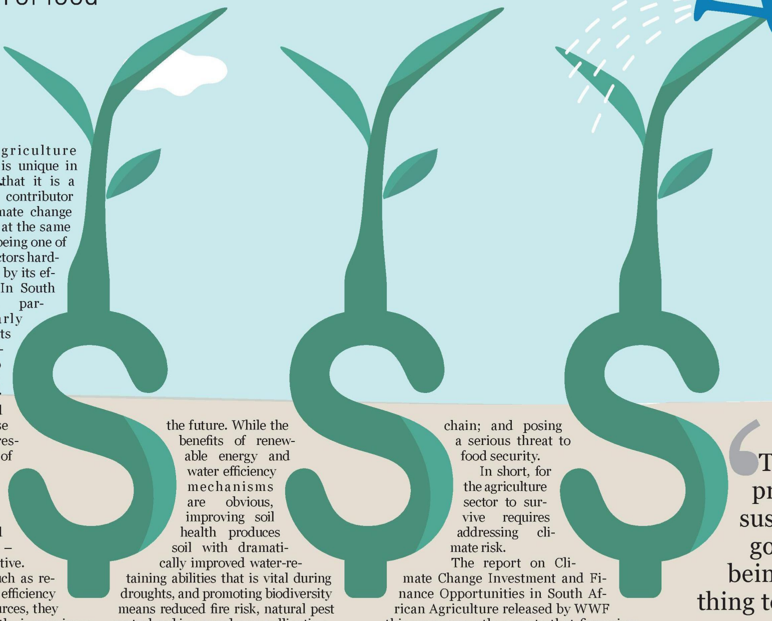
Financiers must not shirk climate responsibility

Bankers have an obligation to fund the transition to a climate-resilient agricultural sector. Failure to do so will have devastating consequences for the production of food



By John Hudson

Agriculture is unique in that it is a major contributor to climate change while, at the same time, being one of the sectors hardest hit by its effects. In South Africa particularly – where the sector accounts for 10% of total foreign exports and employs 785,000 people – it is already being severely affected by higher temperatures, flooding and more frequent and intense droughts, while our ever-present energy crisis sees costs of electricity increasing exponentially as its supply becomes less reliable.

The need to produce food sustainably has gone beyond being the right thing to do – it is now a business imperative. Not only do innovations such as renewable energy and water efficiency systems save precious resources, they also reduce costs significantly, increasing a business's profitability.

But perhaps more importantly, sustainable farming reduces business risk by strengthening a business's resilience and mitigating against worsening climatic conditions in the future. While the benefits of renewable energy and water efficiency mechanisms are obvious, improving soil health produces soil with dramatically improved water-retaining abilities that is vital during droughts, and promoting biodiversity means reduced fire risk, natural pest control and improved crop pollination.

Failing to climate-proof this sector will have devastating consequences – significantly reducing the income from exports on which our economy relies; endangering jobs and livelihoods across the entire value chain; and posing a serious threat to food security.

In short, for the agriculture sector to survive requires addressing climate risk.

The report on Climate Change Investment and Finance Opportunities in South African Agriculture released by WWF this year correctly asserts that financiers have an obligation to provide financing to support a low-carbon, resilient and just transition in the sector.

Doing more with less is imperative and will benefit us all. The focus now must be on sustained production through the responsible use of the limited natural resources available to produce enough food for a burgeoning global population. But making this transition requires funding upfront before the enormous benefits take effect.

> ‘The need to produce food sustainably has gone beyond being the right thing to do – it is now a business imperative’

My message to all banks, then, is that through lending we can drive change so much more than through corporate social investment. Let's put our money where our mouths are and be part of the solution that transitions the South African agricultural sector towards a resilient future. **DM168**

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