

PROJECT SUMMARY

FINANCIAL PRODUCTS TO PROMOTE CLIMATE CHANGE RESILIENCE IN BOLIVIA (BO-L1196, BO-L1197)

Climate change has a direct adverse impact on Bolivia's agricultural sector due to changes in temperature and precipitation, which in turn directly affect local hydrological cycles, accelerating the processes of desertification and compromising the availability of water for irrigation and other uses. The capacity of small-scale agricultural producers to confront and overcome the effects of climate change hinges largely on the availability of information and resources to adjust to the changes they are experiencing, including access to new technologies. With the aim of investing in technology and productive processes as part of a process to help them improve their climate-change resilience, producers need access to financial resources tailored to production cycles. These adaptation measures include: (i) technologically advanced irrigation and microirrigation systems; (ii) phytosanitary control measures; (iii) biological pest control; (iv) use of organic fertilizers; (v) improved seed or seed adapted to changing conditions, (vi) agroforestry practices to reduce soil erosion and degradation; and (vii) improved postharvest management practices.

The project's objective is to help improve the climate-change resilience of small-scale agricultural producers in Bolivia by providing them with loans and basic technical assistance to invest in adaptation measures that promote the sustainable management of natural resources while helping to stabilize or boost their productivity.

The borrower for this operation, Fundación Daconía-Fondo Rotatorio de Inversión y Fomento [Fundación Diaconía Revolving Investment and Development Fund] (Diaconía FRIF), is the only financial entity in Bolivia that has begun to offer green financial products that improve resilience among small-scale agricultural producers and micro, small, and medium-sized enterprises (MSMEs). The loans from this project would enable Diaconía FRIF to scale the EcoMicro pilot project currently in execution and bring its innovative resilient agriculture loan product to as many as eight rural branch offices in areas where no other financial entity is offering green products for adaptation.

This project is aligned with the MIF's Climate-smart Agriculture focus area, as it will: (i) support the efforts of small-scale agricultural producers to introduce climate-change adaptation measures into their productive activities and use natural resources in a rational manner; and (ii) maintain or boost the productivity of agricultural producers with the investments made in their farms. The project is also aligned with the Bank's Climate Change Sector Framework Document (document GN-2835-3), the Strategic Program of the Pilot Program for Climate Resilience (PPCR), and the Bank's country strategy with Bolivia 2016-2020.