



Making the business case for climate change

In 2021, MDF collaborated with the Ceylon Chamber of Commerce (CCC) to conduct a series of events themed 'The Business Case for Climate Change Adaptation for Agribusinesses.' The inaugural webinar of the series, 'Experience from the Industry Leaders,' attracted 377 unique participants from 126 businesses, signalling strong interest. This is an excerpt from an interview for the Echelon magazine with MDF Sri Lanka Country Director, Momina Saqib, and CCC CEO, Manjula De Silva. The selection shares MDF's insights, highlighting the investment case for business, the potential of climate-smart technology and MDF's growing body of work in this area.



Why is MDF working with agribusinesses to encourage climate change adaptation and mitigation?

There are two important aspects. First, why does MDF engage with the agriculture sector in the first place? And second, why invest in climate change adaptation and mitigation? For the first question, we see an opportunity for Sri Lankan agriculture to be more efficient and competitive, and in that process, create opportunities for the men and women that engage with the sector. Around a quarter of all Sri Lankans depend on the agriculture sector. This means growth of agriculture is critical to sustain livelihoods and improve standards of living. However, not all agriculture has the potential to be competitive. Therefore, we have to be realistic

and clear-eyed about where the opportunity lies in the increasingly competitive market. Within this context, we see climate change adaptation and mitigation as a smart business strategy. On one hand, it is essential for businesses to be prepared and manage the risks posed by changing climate and increased frequency of adverse weather. On the other hand, good environmental practices and sustainability are no longer just buzzwords, but the price of entry to high value markets. This is the bar that Sri Lankan businesses need to surpass if they are to stay competitive.



What kind of climate-smart initiatives could agribusinesses pursue?

One pathway is agricultural inputs. For instance, if we know the drought is going to be a problem, then this will involve looking at more resilient alternatives, such as developing drought-resistant seeds or better water management solutions. Agribusinesses will need to figure out what agri-inputs and technologies to use, how to market those to farmers, and build capacity around changing behaviour and improving adoption.

It's not just agribusinesses that provide climate smart initiatives. Extreme weather events are becoming more

frequent in Sri Lanka. Farmers assume heavy financial risk when planting new crops and adverse weather is a threat to the entire service. Insurance companies have a role to play to develop and introduce appropriate insurance products. Similarly, banks and financial institutions have a role to play in financing adaptation investments.

In the last couple of years, a thriving agritech sector has emerged in Sri Lanka. Digital solutions also have a role to play in making farming more efficient and precise.



What companies are you working with in Sri Lanka?

We have more than 30 investments in Sri Lanka. A few stand out to be particularly relevant. We are working with Keells, one of Sri Lanka's largest supermarket chains, on improving knowledge of their farmer clusters and to help them understand consumer demand, so that farmer produce could better cater to the requirements. We prioritise working with firms that are interested in long-term, value-adding relationships with their network of farmers.

We are also working with technology companies to make precision farming possible. This will enable more optimal use of agricultural resources. An example is the agritech company, SenzAgro. They are a Sri Lankan firm that offers sensors to obtain data on soil conditions, weather patterns and agrochemical inputs. Based on information collected by these sensors, advisory is delivered to farmers on crop management. They have a well-tested solution that has delivered results for plantations. Our work with them is to take the benefits of their technology to smallholder farmers.



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