

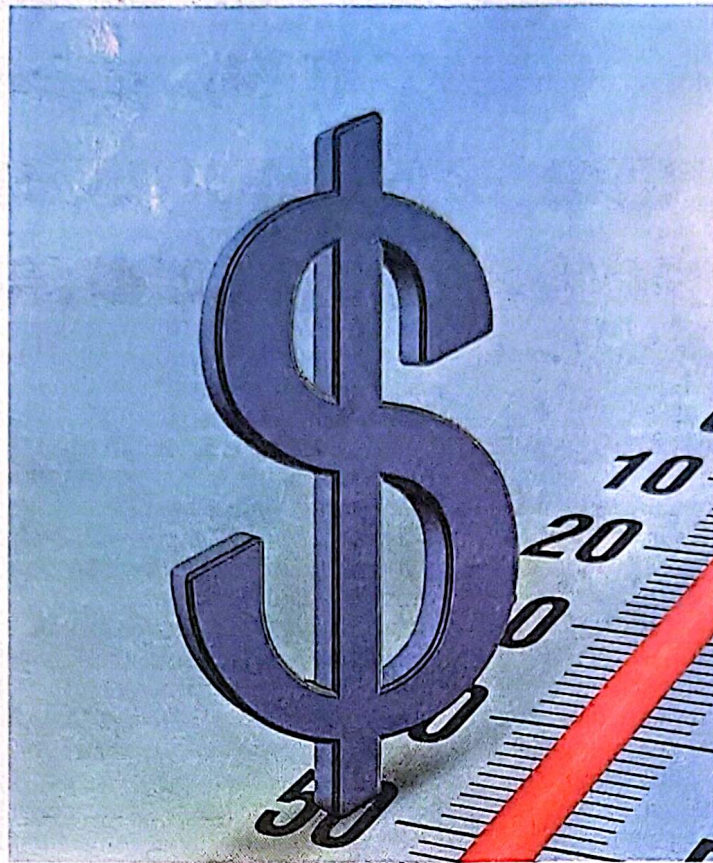
Rethink climate finance through block farming

Earth Day 2026, marked on April 22 under the theme "Our power, our planet," challenges us to rethink where power truly lies in the fight against climate change. While global conversations often centre on energy transitions, real transformation will depend on local solutions that reach those most exposed. For countries like Uganda, that raises a harder question: can climate finance work for those who need it most?

At daybreak, a smallholder farmer in Namutumba, Busoga region, walks through her garden frowning. Her groundnuts are yielding poorly again. The rains, once predictable, now come too late or last only a short while. She used to estimate her harvest with confidence, ensuring she could meet her basic needs. But as rain patterns changed, so too have her yields, reducing both her food security and income.

To cope, she has borrowed from savings groups and moneylenders at crippling interest rates, worsening her vulnerability. She remains invisible within financial ecosystems because she has no collateral, no credit history, no bank account, and no stable income. Her story reflects the reality faced by many smallholder farmers, the very people who feed the nation yet remain unprotected from the escalating threats of climate change.

This is where climate change meets financial exclusion, and where we must rethink both agricultural finance and climate finance. Climate finance refers to financial flows that support mitigation and adaptation in the transition to a low-car-



bon, climate-resilient economy. While discussions often focus on energy transition, climate finance must also support adaptation for those most exposed. According to the World Meteorological Organisation, 2024 was the hottest year on record. For Uganda, this has severe implications: crop failure, drought, flooding, and rising food insecurity.

Yet Uganda mobilised only \$785 million per year in climate finance between 2019 and 2020, just 21 percent of its need, leaving a significant annual gap. Even as global commitments grow, they rarely translate into tangible benefits for rural communities. For climate finance to matter, it must translate into climate-resilient seeds, weather information, micro-insurance,

affordable seasonal credit, and irrigation solutions.

Climate resilience cannot be achieved without financial inclusion. Some institutions underscore the need to redesign financial systems to better serve informal and climate-exposed rural economies. Conventional financing fails farmers long before climate shocks hit. Banks expect steady income, predictable cash flow, collateral, and formal records, all misaligned with her reality, where income is seasonal, and climate variability shapes survival.

To change this, smallholder farmers must be brought together into production units that reduce risk and enable investment. This is the essence of block farming. Block farming is an emerging model where

smallholder farmers collectively cultivate on consolidated land, growing similar crops. It enables shared resources, improves productivity, reduces risk, and strengthens market access. More importantly, it turns farmers into organised production units.

Financial institutions often cannot lend to individual farmers due to high assessment and monitoring costs. Aggregation changes this. With farmers cultivating larger blocks together, lenders gain visibility into production cycles, reduce operational costs, and build confidence in the strength of the group. In practice, block farming transforms previously "unbankable" farmers into credible borrowers. It also creates room for more relevant financial products aligned with agricultural realities, including repayment schedules tied to crop cycles.

Larger blocks further attract private sector partners, strengthening the value chain. If Earth Day is truly about "Our Power, Our Planet," then that power must extend to farmers. Climate finance will only deliver when it reaches the last mile through systems that make farmers visible, bankable, and supported. By organising and strengthening their voice within the financial system, smallholder farmers can unlock the resources they need to withstand a changing climate and build a more secure future.

For Financial Service Providers, including insurers, the opportunity is clear: tailor your products to smallholder farmers' realities in block farming, and build solutions that not only serve these communities, but grow with them long term.

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