

SAP065: Harnessing Insurance for Climate Resilience in Indian Agriculture

Access the document: <https://www.greenclimate.fund/document/gcf-b43-02-add27>

Thank you, co-chair.

As previously noted, we are concerned about this proposal being presented despite the fact that it was not shared within the timeframe required by the GCF's policies, leaving even less time for stakeholders to meaningfully engage in the proposal's review and discussions.

Beyond the procedural issues, we also have concerns about this proposal, which lacks many key elements that would allow stakeholders to understand its potential impacts and feasibility, in what can only be understood as a push to facilitate private sector-led approaches at all costs. As was noted by the ITAP, the large majority of the equity needed to make this project credible has not yet been committed, with only USD 14.6 million of the total expected USD 95 million in co-financing fully secured. We also note that the exact pricing of the GCF loan is not yet defined.

We are also concerned about the GCF using its particular understanding of innovation and paradigm shifting potential to promote and finance approaches that are increasingly disconnected from its stated beneficiaries, and more focused on the expansion of the role of the private financial sector in climate action as an end in itself. This proposal is being touted as high-impact precisely because instead of focusing on the needs of smallholders and vulnerable farmers, it is focusing on growing the business of Kshema, the executing entity. The ITAP itself celebrates this approach by stating that the project focuses on "strategically using GCF capital to strengthen the long-term viability of private insurance markets", instead of ensuring accessibility to insurance for vulnerable populations, in what can only be understood as an ideological preference for the promotion of markets and private business. Though it is of course important for the supply of insurance products to grow in line with the needs, there is no reason to suppose that this private sector-led approach is the best solution to the issue, while ignoring the many barriers vulnerable communities face in accessing insurance and building their resilience, which this project acknowledges but does little to address.

The fact that the large majority of highly concessional GCF funding is being used to build the Solvency Capital of Kshema, instead of directly supporting the efforts to build resilience for potential beneficiaries, or for tackling the well-known issues of access to insurance linked to its unaffordability, proves that the only clear beneficiary of this project is Kshema itself.



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Expanding their business does not resolve the issues faced by smallholders and vulnerable farmers, making the estimate of 1.7 million more vulnerable small & marginal farmers and Indigenous Peoples being insured and adopting sustainable agricultural practices difficult to believe.