Bonsucro Innovations Partnership

Good Practice, Better Finance
Malalane, South Africa

Enabling access to preferential finance terms as an incentive for improving sustainability performance in the agricultural sector

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Farmers and regions producing according to sustainability requirements pose a lower risk in terms of social and environmental impact and they enjoy improved access to markets. Although the sustainability of production is increasingly influencing terms of finance however, currently producers receive limited recognition or reward for their good practices by financial institutions (FIs). The lack of understanding of sustainability frameworks and the limited access to relevant data, reduces FIs’ opportunities to assess the sustainability profile of their clients in the agricultural sector.
This project will develop a new methodology that will make it possible to assess the sustainability performance of farmers and their landscapes, using existing standards for sustainable sugarcane production (Bonsucro), cotton production (BCI) and water management (AWS). The methodology and supporting tools should be aligned to the IFC Performance Standard, and inform decision makers of FIs regarding the sustainability profiles of their clients. This will put FIs in a better position to offer incentives for sustainable behavior of their clients and for reporting on contributions towards achieving the SDGs.
The project takes place in the Malalane area of Mpumalanga Province, South Africa, an important farming district on the border of the renowned Kruger National Park. Here, agricultural activity is an important contributor to the livelihoods of farm workers and small-scale farmers.

**Three rivers** - the Komati, Lomati and the Crocodile - supply water to farmers of sugarcane, cotton and subtropical fruit. Despite these rivers, a key sustainability risk to agriculture is **water, as a result of the frequency of drought**.

This has mostly been mitigated by the building of the **Maguga Dam**, shared between South Africa, Eswatini and Mozambique, however the future of water availability continues to be a concern for growers.
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Project phases

**Phase 1: Inception**
Participants get to know each other, share knowledge and finalise the workplan, contracts and agreements.

**Phase 2: Scoping**
A baseline study will be conducted, including current practices, benchmarks on Bonsucro, BCI and AWS against the IFC PS, and an information needs assessment of FIs.

**Phase 3: Development**
Using information from phase 2, a methodology and data collection tool will be designed and developed based on current and applicable tools.

**Phase 4: Testing**
The new methodology and tool will be tested and improved based on feedback from participants.

**Phase 5: Sharing and Learning**
The outcomes of the project will be shared through various platforms.
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Project timeline

- **Start June 2019**
  - Detailed action plan & M&E framework developed
  - ToR for each agreed & signed

- **June 2020**
  - Baseline report finalised
  - Benchmarks and agreed requirement comparisons finalised
  - Methodology & supporting tools developed
  - Data needs assessment finalised
  - Pilot the methodology and tools

- **End June 2021**
  - Report on benchmark results & new methodology against IFC-PS
  - Final pilot phase results report presented
  - Learning shared by project partners
For more information:

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