

**Submission from the International Center for Tropical Agriculture (CIAT) on behalf of the CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS) to UNFCCC Standing Committee on Finance (SCF) in response to decision 6/CP.20, paragraph 22**

## **Deriving investment options for climate financing to serve both adaptation and mitigation – a Submission to the Standing Committee on Finance on relations between the Adaptation Fund and other institutions under the Convention**

It is our pleasure to respond to the Committee's call for submissions expressed at its Ninth meeting on March 9, 2015<sup>i</sup>.

This submission addresses possible future relations between the Adaptation Fund and other institutions under the Convention, taking into consideration the working definition provided by the SCF Secretariat of 'relations' in this context to mean that no COP/CMP decision is formally needed.

This submission argues that to maximize impact, the different funds under the Convention should use consistent criteria when selecting projects. To explore this idea, we use a specific area of climate finance investment: Climate Smart Agriculture. The nexus of climate change and agriculture is an appropriate topic for this discussion, based on the size of existing and potential addition climate finance investment, and the large interest from stakeholders. Of the USD 291M investment in projects approved by the Adaptation Fund since 2010, over USD 168M was related to climate change and agriculture and or rural livelihoods<sup>ii</sup>. During the last meeting of the Board of the Green Climate Fund (GCF), CSA was mentioned as of five potential investment priorities<sup>iii</sup>. Independently, agriculture's profile under the Convention is growing. At COP 17 in Durban in 2011, the Convention requested the SBSTA to consider issues relating to agriculture. SBSTA 40 received in 2014 a report on the current state of scientific knowledge on how to enhance the adaptation of agriculture to climate change impacts while promoting rural development, sustainable development and productivity of agricultural systems and food security in all countries, particularly in developing countries, taking into account the diversity of the agricultural systems and the differences in scale as well as possible adaptation co-benefits. Discussions will continue at SBSTA 42<sup>iv</sup>.

Climate-smart agriculture is of great relevance to cross-institutional arrangements as it brings together adaptation and mitigation streams within the wider context of food security. Climate-smart agriculture (CSA) seeks to achieve appropriate synergies and trade-offs among the three outcomes food security, adaptation and mitigation. CSA is highly context-specific. What works for one type of farmer may not work for others (related, e.g., to labour availability) and a CSA practice that is successful in one setting does not necessarily deliver good enough outcomes under other agro-ecological or socio-economic conditions. Trade-offs amongst the three outcomes of CSA will most likely be required to meet the goals of different stakeholders. In this context, what constitutes a good CSA project will not easily be assessed, and this question might be faced by several of the funds under the Convention.

The GCF Board also considered at its 9<sup>th</sup> meeting a report entitled: Further Development of the Initial Framework: Sub-Criteria and Methodology<sup>v</sup>. One main finding is that for all of the climate funds consulted, specific and separate criteria are used for mitigation and adaptation. If there is to be a new emphasis on CSA, with the complexities and stakes described above, we argue that having a set of high level criteria consistent across the different funds, particularly if recommended and endorsed by the SCF, would improve coherence and coordination in the delivery of climate change financing<sup>vi</sup>.

On March 19 and 20<sup>th</sup>, 2015, on the heels of the successful Montpellier conference on CSA that brought together 754 participants from 75 countries<sup>vii</sup>, CCAFS and USAID gathered about 20 representatives of donors, civil society, research organizations and other organizations interested these issues such as the International Development Research Centre, to reflect on the metrics of climate smart agriculture. Similarly to the review criteria used in the Adaptation Fund<sup>viii</sup>, the group proposed an eligibility framework that could include the following:

1. Synergies across the 3 outcomes of CSA: Does the project include an analysis of efficiencies across its adaptation, mitigation and food security aspects?
2. Systems/value chain approach: Has a snapshot been prepared of agricultural value chains relevant to the project, to incorporate the most cost-effective climate-smart actions across the whole chain and system?
3. Long-term approach: Does the project use a long term approach (at least 20 years) or if short term, does it include a transition plan to deal with long-term climate-related transitions?
4. Climate uncertainty: Does the project include an analysis of uncertainty of climate elements including areas where uncertainty is less relevant (e.g. the proposed approach is not sensitive to changes in precipitation)? Does it include an assessment of changes in climate variability alongside long-term climatic trends?
5. Learning: Does the project include an analysis of what has been learned before, past failures, remaining barriers, and current and promising CSA practices and services?
6. Comprehensive approach for adaptation: Can the project demonstrate that all the necessary elements for adaptation have been looked at (human and social capacities, vulnerability and impacts, engagement, cost-benefit from perspectives of different social groups, analysis of options)?
7. Inclusivity: Does the project include a strategy to ensure that women participate and benefit? does the project include an engagement plan to ensure key stakeholders are part of the process to target and prioritize the CSA investment portfolio?
8. National relevance: Is the project of relevance at the country level? Have finance mechanisms and institutional & policy entry points demonstrating alignment with country policies and investment plans been identified?

Should this approach resonate with stakeholders, a potential follow up would be to refine and pilot these criteria with real examples and relevant stakeholders including in the finance community, to develop a cost-effective set of standard criteria that can be applied in CSA finance and other sectors that have similar cross-cutting objectives.

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[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/question\\_s\\_for\\_submissions\\_af.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/question_s_for_submissions_af.pdf)

<sup>ii</sup> [https://www.adaptation-fund.org/funded\\_projects](https://www.adaptation-fund.org/funded_projects)

<sup>iii</sup> <http://www.iisd.ca/climate/gcf/gcf9/html/crsvol172num20e.html>

<sup>iv</sup> [http://unfccc.int/land\\_use\\_and\\_climate\\_change/agriculture/items/8793.php](http://unfccc.int/land_use_and_climate_change/agriculture/items/8793.php)

<sup>v</sup> [http://www.gcfund.org/fileadmin/00\\_customer/documents/MOB201503-9th/07\\_-\\_Further\\_Development\\_of\\_the\\_Initial\\_Investment\\_Framework\\_20150223\\_fin.pdf](http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/07_-_Further_Development_of_the_Initial_Investment_Framework_20150223_fin.pdf)

<sup>vi</sup> [http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/items/6877.php](http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/6877.php)

<sup>vii</sup> <http://csa2015.cirad.fr/>

<sup>viii</sup> <http://www.adaptation-fund.org/sites/default/files/Review%20Criteria%205.12.pdf>