Framework Convention on Climate Change

SCF/2025/36/4

Standing Committee on Finance

16 February 2025

Thirty-sixth meeting of the Standing Committee on Finance
18–19 February 2025
Bonn, Germany

Background paper on the 2025 Forum of the Standing Committee on Finance on accelerating climate action and resilience through financing for sustainable food systems and agriculture

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to:

a) Appoint co-facilitators for the work;

b) Consider submissions received in response to the call for inputs and possible sub-themes of the Forum;

c) Consider the draft programme outline of the 2025 Forum of the Standing Committtee on Finance.

I. Possible actions for consideration by the Standing Committee on Finance

1. The Standing Committee on Finance (SCF) may wish to appoint co-facilitators, who will guide the preparation of the Forum of the Standing Committee on accelerating climate action and resilience through financing for sustainable food systems and agriculture.

2. The SCF may wish to consider submissions received in response to the call for inputs and possible sub-themes in the context of the draft programme outline. In doing so, the SCF may wish to refer to the synthesis of submissions for the 2025 SCF Forum on Financing Sustainable Food Systems and Agriculture (working document), as prepared by the secretariat and contained in annex I.[1]

3. Furthermore, the SCF may wish to consider the co-facilitators' proposed draft programme outline of the 2025 Forum, as contained in annex II.

II. Background

4. The COP mandated the SCF to organize a forum for the communication and continued exchange of information among bodies and entities dealing with climate finance to promote linkages and coherence.[2] The COP requested the SCF to facilitate participation of the private

[1] The synthesis papaer is based on 24 submissions received by the SCF as at 8 February 2025. Additional submissions received will be reflected in updating the next iteration, after conclusion of SCF 36.

[2] Decision 2/CP.17, para. 121(a).

sector, financial institutions and academia in the Forum,[3] as well as to further strengthen its stakeholder engagement.[4]

5. At SCF 32, the SCF agreed to focus its 2025 Forum on accelerating climate action and resilience through financing for sustainable food systems and agriculture. This topic was welcomed at COP 28.[5] At SCF 35, SCF agreed on the intersessional activities, including a call for inputs on information and case studies relating to the topic and possible sub-themes of the 2025 SCF Forum. The SCF also agreed to continue discussing possible sub-themes for the Forum at SCF 36 based on the comments received and submissions in response to the call for inputs.

III. Submissions received on the Forum

6. On 18 October 2024, the SCF issued an open call for inputs on the 2025 SCF Forum to interested Parties and stakeholders to submit:

(a) Evidence and information relevant to the possible sub-themes identified by the co-facilitators to further explore and develop the programme of the Forum;

(b) Examples and case studies related to financing sustainable food systems and agriculture;

(c) Possible additional sub-themes for the co-facilitators to consider in the programme.[6]

7. As of 14 February 2025, 27 submissions were received from SCF members, Parties, private sector and non-governmental observers, as shown in the table below.[7]

Submitter	*Category*	*Date of submission*
The Gambia	Party	20 December 2024
Alliance of Bioversity and CIAT and the CGIAR	Non-governmental organization	2 January 2025
Senegal	Party	8 January 2025
United Kingdom of Great Britain and Northern Ireland	Party	9 January 2025
AgriCord	Non-governmental organization	10 January 2025
Asian People's Movement on Debt and Development, World Animal Protection and Global Forest Coalition	Non-governmental organization	10 January 2025
Burkina Faso	Party	10 January 2025
Côte d'Ivoire	Party	10 January 2025
Enenn Foof Excellence	Non-governmental organization	10 January 2025
Farmers constituency	Non-governmental organzation	10 January 2025
Fiji	Party	10 January 2025

[3] Decision 5/CP.18, para. 4.
[4] Decision 8/CP.23, para. 14.
[5] Decision 5/CP.28, para. 12.
[6] The call for inputs can be viewed at https://unfccc.int/sites/default/files/resource/Call%20for%20inputs_2025SCFForum.pdf.
[7] Submissions can be accessed online at: https://unfccc.int/event/2025-forum-of-the-standing-committee-on-finance.

Jeremy Coller Foundation	Jeremy Coller Foundation	10 January 2025
Shamba Centre for Food & Climate	Non-governmental organzation	10 January 2025
World Food Programme	United Nations agency	10 January 2025
Technology Executive Committee	Constituted body	13 January 2025
Brazil	Party	13 January 2025
Canada	Party	13 January 2025
Food and Agriculture Organization of the United Nations	United Nations agency	14 January 2025
Chile	Party	23 January 2025
YOUNGO and Food and Climate Action Group	Non-governmental organization	27 January 2025
Institute for Agriculture and Trade Policy	Non-governmental organization	30 January 2025
Poland and the European Commission on behalf of the European Union and its Member States	Party group	31 January 2025
The Borders Institute (preliminary submission)	Non-governmental organization	2 February 2025
Climate Action Network	Non-governmental organization	4 February 2025
New Zealand	Party	10 February 2025
Australia	Party	11 February 2025
Switzerland	Party	13 February 2025

Annex I

Synthesis of submissions for the 2025 SCF Forum on Financing Sustainable Food Systems and Agriculture (Working document)

Prepared by the secretariat

I. Introduction

1. This document synthesizes the submissions provided by Parties and observers for the 2025 Standing Committee on Finance (SCF) Forum, in response to a call for inputs issued by the co-facilitators.[1] It is based on 24 submissions received by the SCF as at 8 February 2025.[2]

2. Submissions focused on information, case studies and thematic approaches relevant to the Forum topic, showcasing practical examples and solutions implemented across various contexts. They also focused on best practices and actionable insights that have proven effective in financing sustainable food systems and agriculture, as well as challenges that remain critical to be addressed.

II. Synthesis of Submissions

3. Many submissions noted that food systems and agriculture are at the heart of the climate emergency, both as sectors highly vulnerable to climate impacts and as key contributors to global solutions. Rising temperatures, shifting precipitation patterns, and increasing frequency of extreme weather events threaten agricultural productivity, disrupt food supply chains, and exacerbate food insecurity. Smallholder farmers, rural communities, and countries with economies highly dependent on agriculture face disproportionate risks, underscoring the urgent need for targeted climate finance to build resilience and adaptation capacity.

4. At the same time, food systems and agriculture are part of the solution to addressing climate change and serves as an important driver for achieving the objectives of the UNFCCC and the goals of the Paris Agreement. Promoting resilient, adaptive, and sustainable agricultural systems through systemic and integrated approaches will be crucial to facing climate change while enhancing food security. By scaling up investments, these two sectors can remain productive, climate-resilient, inclusive, and sustainable in a changing climate, while contributing to emission reductions.

A. Importance of Scaling-up Financing Sustainable Food Systems and Agriculture

5. **FAO submission provided an overview and imperative of financing sustainable food systems and agriculture**. Agrifood systems generate one-third of global greenhouse gas emissions and are highly vulnerable to climate change, threatening rural livelihoods. The agriculture sector also bears a substantial share of climate-associated loss and damage. Over the past 30 years, disasters have caused USD 3.8 trillion in crop and livestock losses, representing an annual average loss of USD 123 billion or 5% of global agricultural GDP.

[1] https://unfccc.int/sites/default/files/resource/Call%20for%20inputs_2025SCFForum.pdf.

[2] Note by the secretariat – additional submissions received after 8 February 2025 will be reflected in updating the next iteration, after conclusion of SCF 36.

More than 100 million people could be pushed into extreme poverty by 2030 because of climate change. Vulnerability is particularly pronounced in areas with poverty, weak governance, limited resources, conflict, and climate-sensitive livelihoods like agriculture, livestock, forestry, fisheries, and aquaculture. The IPCC's 6th Assessment Report underscores with high confidence that climate change has already reduced food security and affected water security due to warming, changing precipitation patterns, and increasing climate extremes, further exacerbating existing vulnerabilities.

6. Despite these challenges, agrifood systems offer a wide range of climate solutions to maximize the co-benefits of adaptation and mitigation on the ground. These solutions include, but not limited to, restore and sustainably manage agricultural land, ensure efficient and resilient livestock systems, promote sustainable aquaculture and fisheries, halt deforestation and promote agroforestry, restore ecosystems and ensure sustainable use of biodiversity, safeguard seeds and plant genetic resources for the future, develop energy smart agrifood systems and promote the bioeconomy.

7. Agrifood systems[3] remain significantly underfunded, receiving only 4.3% of global climate finance flow in 2019-20. The estimated annual cost of transitioning agrifood systems to align with a 1.5°C pathway is estimated to be USD 1.1 trillion until 2030, while current investments in sustainable agrifood systems averages USD 28.5 billion annually. Bridging this gap will be crucial for enhancing resilience, reducing vulnerabilities, and ensuring a sustainable transformation of agrifood systems, in line with climate and development objectives. However, according to FAO and CPI, the transition is hindered by a "triple gap"—a lack of comprehensive planning for finance needs, an immense shortfall in available finance, and data limitations that prevent accurate tracking of financial flows and impact. These overall narratives underscore the **scale of the challenges posed by climate change** and the urgent need for increased investments.

8. **Many submissions call for the importance of scaling-up financing** and propose a systemic approach that integrates national and international financing efforts to achieve sustainable and resilient food systems and agriculture globally. A core priority within this financing is ensuring that food systems and agriculture are not only climate-resilient but also capable of delivering long-term food security. Furthermore, soil health and nutrient management emerged also as critical factors, with several submissions emphasizing the need for increased investments in regenerative agriculture, organic soil amendments, and sustainable fertilizer alternatives to restore soil fertility and enhance nutrient availability in degraded lands.

9. Moreover, submissions emphasized that financing strategies must account for climate risks that threaten agriculture and food production, supply chain disruptions and affordability of food. In this context, submissions noted the importance of addressing the finance gap by aligning climate finance with development finance strategies, and development finance institutions, including MDBs, to increase their support to agrifood systems, noting that climate-related development finance to agriculture accounted for only 23% of total flows in 2022. Furthermore, submissions highlight the need for repurposing financial incentives toward climate-resilient agricultural production while phasing out investments that contribute to environmental degradation.

10. **Multiple financing mechanisms and instruments are referred**, including grants, loans and innovative financial instruments, as ongoing efforts to scale-up the financing. The SCF Forum could provide an integrated overview of financing for sustainable food systems and agriculture, detailing how financial resources can be made accessible, affordable, and fit for diverse local contexts. The link between climate finance and sovereign debt was also highlighted, emphasizing that debt-ridden countries face constraints in investing in long-term

[3] The concept of "agrifood systems" within this paper refers to agriculture, crop production, forestry, fishery, livestock, food security, environment and biodiversity, energy, emergency/resilience, and cross-cutting issues, based on the definition provided in the FAO submission.

agricultural resilience, underscoring the need to explore debt relief mechanisms as part of comprehensive climate finance strategies.

11. Furthermore, **various examples were provided** on how financial sources and instruments can target diverse challenges in sustainable agriculture, particularly for smallholder farmers and communities on the frontlines of climate change impacts, to ensure inclusivity and equity in financing sustainable agriculture and food systems. Examples included public-private partnerships, such as Fiji's Commercial Farmers Equity Package and Brazil's ABC Plan, which provide financial incentives for climate-smart agricultural practices. Canada's investments in conservation agriculture also demonstrate how tailored financial mechanisms can promote soil health and increase resilience. WFP's anticipatory action tools, such as catastrophe bonds, have also proven effective in mobilizing early funding to address climate-induced food insecurity, particularly in regions like sub-Saharan Africa.

12. In the above context, submissions encouraged the involvement of financial institutions, including the operating entities of the Financial Mechanism, the World Bank and other multilateral development banks in the Forum to share insights on how food systems and agriculture are integrated into their financing strategies.

13. Furthermore, some submissions noted that initiatives such as FAST Partnership, which was launched at COP27 to improve the quality and quantity of finance for food systems and agriculture, could provide valuable insights and lessons learned. Furthermore, that Forum discussions explore how the implementation of the NCQG on climate finance can benefit food systems and agriculture.

B. Strengthening Policy Coherence and Linkages

14. **Aligning Policies with national climate change plans**: Some submissions emphasized the critical need to embed sustainable food systems and agriculture strategies within Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) to enhance coherence across sectors, ensuring that adaptation and mitigation efforts contribute to long-term resilience in food systems. Submissions highlighted that embedding sustainable food system objectives within national climate change plans allows for stronger cross-sectoral coordination, ensuring that financial flows support both climate action and resilience, long-term agricultural productivity, market access, and food supply chain stability. Recent evaluations of agrifood systems in NDCs suggest that while sustainable agriculture is gaining traction in national climate strategies, further alignment of financial flows remains a challenge. In this regard, upcoming round of NDC updates provides an opportunity to align national climate goals and agrifood system transformation, ensuring greater integration of agriculture into national climate strategies. Furthermore, integration of food security within food systems and agriculture financing was seen as key to ensuring that climate finance does not just reduce emissions but also strengthens food availability and accessibility. In addition, some submissions emphasized that national climate policies must integrate soil health and nutrient management strategies to enhance long-term agricultural resilience.

15. Submissions presented examples of integrating sustainable food systems and agriculture into national climate plans. Integrating NDC-aligned adaptation projects in the Gambia's agricultural sector has enabled resource mobilization for irrigation systems and drought-resistant crops. Similarly, Côte d'Ivoire's pilot subsidy program for climate-resilient crops and Brazil's integration of agricultural and forestry policies demonstrate the synergy between SDGs and sectoral policies, such as those targeting food security (SDG 2) and climate action (SDG 13). The UK's global development programs also demonstrate how aligning national agricultural policies with SDG and NDC objectives can drive climate action. In addition, some submissions provided examples of promoting capacity-building initiatives from adaptation and resilience perspectives and financing mechanisms that prioritize adaptation needs. These include ecosystem-based approaches like agroforestry and the

restoration of degraded land, which simultaneously address climate resilience and enhance coherence with broader policy frameworks.

16. Furthermore, some submissions further highlight that existing financial flows remain misaligned with sustainability goals, as public and private finance can favor industrial agriculture models that contribute to deforestation, biodiversity loss, and emissions. These submissions call for a redirection of finance toward more sustainable, regenerative, and agroecological approaches to ensure food system resilience and food security. Ensuring this alignment would allow financing mechanisms to deliver both climate and food security outcomes.

17. **Repurposing Agricultural Subsidies**: Some submissions provided information on the environmental and economic inefficiencies of existing agricultural subsidies. Global agricultural subsidies amount to approximately USD 470 billion annually, much of which supports input-intensive farming systems that contribute to deforestation and emissions.[4] These submissions called for clear principles and guidelines to redirect subsidies toward agroecology and sustainable food systems, ensuring alignment with food security and climate goals, and underscored the need for subsidy reform to align financial flows with sustainability goals.

18. For example, the Jeremy Coller Foundation proposed to redirect these subsidies toward practices that promote biodiversity and reduce emissions, such as agroforestry or soil health management, so that governments can align public spending with global climate goals. Côte d'Ivoire's submission had a similar perspective, highlighting its pilot subsidy program incentivizing farmers to adopt climate-resilient crops. IATP recommended redirecting public subsidies away from GHG-intensive agricultural practices and toward agroecology, highlighting Agroecology Finance Assessment Tool as a framework for assessing public support for sustainable agriculture and tracking the transition towards climate-resilient food systems. Submissions further emphasized that repurposing subsidies toward investments in smallholder resilience, biodiversity conservation, and sustainable food production would create stronger alignment with climate and food security objectives, ensuring that financial flows support both environmental sustainability and long-term agricultural productivity.

19. **Promoting Cross-Sectoral Collaboration**: Submissions emphasized the importance of integrated governance approaches that bridge the gaps between agriculture, climate action, water management, and rural development policies. Some submissions highlighted that a fragmented policy landscape often limits the effectiveness of climate finance in food systems, calling for stronger coordination across ministries of agriculture, environment, and finance to ensure that financing mechanisms align with national climate goals. Examples included Senegal's integrated development plans, which align agriculture and natural resource management to enhance resilience against droughts. Other submissions pointed to the role of fiscal policy tools, such as targeted subsidies and tax incentives, in fostering cross-sectoral coherence by aligning public and private investments with sustainable food production. Several submissions also suggested that the Forum could provide a space for exchanging best practices on how countries have successfully coordinated multi-ministerial efforts to integrate food systems into their climate finance strategies.

20. **Strengthening Linkages under the UNFCCC**: Many submissions noted that forum discussions should build upon the existing frameworks of the Sharm El Sheikh Joint Work on Agriculture and the Koronivia Joint Work on Agriculture, which have already demonstrated the need for improving enabling environments to mobilize resources at local, national, and international levels. Furthermore, submissions also noted that discussions should take into account other international frameworks, including the Sendai Framework, the Sustainable Development Goals, and the IPBES Nexus Assessment, so as to enhance cross-sectoral co-benefits in financing sustainable agriculture and food systems. Additionally,

[4] FAO, UNEP, UNDP (2021): "A Multi-Billion-Dollar Opportunity: Repurposing Agricultural Support to Transform Food Systems.

there was a suggestion to explore the role of Non-Market Approaches (NMAs) under Article 6.8 of the Paris Agreement in enhancing international climate finance for agriculture.

C. Financing the Nexus of Climate Change Adaptation, Mitigation and Loss and Damage

21. **Submissions underscored the intertwined roles of adaptation and mitigation** in sustainable food systems and agriculture. According to FAO, agrifood systems contribute one-third of global greenhouse gas emissions, while also bearing significant loss and damage costs from climate change, averaging USD 123 billion per year in lost agricultural productivity. Hence, sustainable food systems and agriculture are central to mitigating emissions, strengthening resilience against climate change and food insecurity, as investments in soil health, drought-resistant crops, and agroforestry simultaneously contribute to emissions reductions, climate resilience and improved food availability.

22. Submissions provided examples, where a project generated adaptation and mitigation co-benefits. Adaptation measures—such as Burkina Faso's rain-fed agriculture resilience programs and ecosystem restoration efforts in the Sahel—simultaneously address immediate vulnerabilities and contribute to emission reductions through practices like agroforestry and regenerative agriculture. These approaches enhance soil fertility, improve water retention, and sequester greenhouse gases, demonstrating the potential for agriculture to deliver co-benefits across mitigation and resilience goals. Integrated actions, such as WFP's anticipatory finance models or Brazil's agroforestry systems under the ABC Plan, show how scaling up adaptation solutions can also advance climate mitigation by reducing the need for reactive measures with higher emissions.

23. Some submissions highlight the need to transition away from emissions-intensive agricultural models, particularly large-scale industrial livestock production, in order to align food systems with climate and biodiversity objectives. These submissions emphasize that reducing reliance on high-emission agricultural systems requires a combination of policy reforms, financial incentives for sustainable practices, and investment in alternative protein sources and regenerative agricultural systems that can support both climate mitigation and food security.

24. **Addressing loss and damage was also highlighted as an essential component** of climate resilience in sustainable agriculture and food systems, particularly for communities already facing severe climate impacts. Submissions emphasized the growing economic and social costs of extreme events, such as floods and droughts, and called for innovative financial instruments to address these challenges. For instance, WFP's anticipatory financing in Bangladesh protected food supplies and livelihoods ahead of predicted floods, while parametric insurance mechanisms under the African Risk Capacity program in Mali provided rapid payouts during prolonged droughts. These tools enable communities to recover quickly, mitigate cascading risks, and strengthen long-term resilience, bridging the gap between immediate relief and systemic adaptation. Some submissions highlight the need to transition away from emissions-intensive agricultural models, particularly large-scale livestock production, in order to align food systems with climate and biodiversity objectives.

25. Submissions also highlighted the importance of innovative solutions that integrate resilience and mitigation goals holistically. For example, Kenya's solar-powered irrigation systems enhance agricultural productivity while reducing reliance on fossil fuels, aligning with low-emission development pathways. These systems provide farmers with a reliable water supply amidst erratic rainfall, reducing climate vulnerability and supporting broader resilience objectives. Such integrated approaches demonstrate how innovation can drive both resilience and mitigation in agriculture, fostering sustainable food systems capable of withstanding future climate risks.

26. Furthermore, agroecology was raised as a potential approach for an integrated approach to climate change action and resilience by reducing reliance on imported inputs,

such as hybrid seeds and synthetic fertilizers, and strengthening local food sovereignty. Some submissions pointed to Zimbabwe's National Agroecology Initiative and Eastern African countries' adoption of National Agroecology Strategies as examples of integrated approaches.

D. Addressing the Capacity Gap in Financing Food Systems and Agriculture

27. Submissions highlighted that addressing the capacity gap in climate finance is essential for ensuring that resources reach the food and agricultural sector effectively and equitably. Many emphasized that institutional constraints, financial risks, and misalignment between private investments and sustainable agriculture objectives remain key barriers to scaling up financing. Limited institutional frameworks in many countries hinder access to financial mechanisms, while a lack of technical expertise prevents stakeholders from navigating complex funding processes.

28. Some submissions highlighted that small-scale farmers, Indigenous groups, and local cooperatives struggle to access existing climate finance channels due to complex application procedures and eligibility requirements. Furthermore, private sector engagement is often constrained by high investment risks and unclear policy signals. The Forum can serve as a platform for sharing successful initiatives that have addressed these challenges, such as potential financing models that can de-risk private sector participation, capacity-building programs that enhance institutional readiness, and policy reforms that improve access and enabling environment for climate finance in food and agriculture sectors.

29. **Building Capacities**: Several submissions emphasized that a lack of institutional capacity often hinders the effective utilization of climate finance and presented best practices that can build capacities to access financing for sustainable food systems and agriculture. Investment-readiness training and financial needs assessments can help project proponents to develop bankable proposals aligned with resilience objectives. For example, Côte d'Ivoire's proposed regional climate data centers aim to strengthen institutional capacity for decision-making, Senegal's pilot project on decentralized funding models demonstrate how building local governance structures and equipping them with technical expertise can lead to more effective project implementation and Fiji's decentralized funding models demonstrate how technical expertise can enhance project implementation at the local level. WFP's Livelihoods and Resilience Academy offered practical examples of capacity-building initiatives tailored to farmers' needs. In Niger, this program trained smallholders to adopt water-efficient irrigation techniques and drought-resistant seeds, resulting in higher crop yields and greater resilience during the 2023 drought.

30. **Fostering Long-Term Investment**: Sustained investments in technical training programs for farmers and communities can ensure that their knowledge and experience reaches remote areas, enabling farmers to adopt climate-resilient practices and access finance. Some submissions underscored the need for such sustained capacity-building investments. For example, Burkina Faso's partnership with multilateral donors has enabled ongoing training programs for agricultural extension officers, ensuring that technical support reaches remote communities.

E. Promoting Multi-stakeholder Cooperation and Collaboration

31. Many submissions noted the critical importance of multi-stakeholder cooperation in ensuring that finance for sustainable food systems and agriculture is effectively mobilized, aligned with national and international priorities, and responsive to the needs of smallholder farmers, agribusinesses, and communities. Furthermore, it is essential to ensure just transitions for farmers, agricultural workers, and food system actors, noting the importance of equitable access to finance, social protection, and the skills and training needed to adapt to climate-resilient and sustainable practices.

32. **Submissions highlight the need for stronger coordination across different levels of governanc**e—local, national, and international—to create enabling environments that align financial flows with sustainable food systems and agriculture. For example, some submissions emphasize the role of multi-actor platforms, policy dialogues, and knowledge-sharing networks in facilitating cooperation between governments, private sector actors, multilateral development banks (MDBs), and civil society organizations. Strengthening these collaborations can improve the design, implementation, and scaling of climate finance solutions that address both climate and food security challenges.

33. **Several submissions underscore the importance of regional and international partnerships** in aligning trade policies, investment frameworks, and sustainability objectives. Trade policies and financial regulations can significantly influence access to finance for climate-resilient agriculture, with submissions highlighting the need for coherence between global trade frameworks (such as WTO rules) and domestic agricultural investment policies to ensure that financial mechanisms support sustainable agricultural transitions rather than reinforcing high-emission, industrial farming models. Additionally, partnerships between MDBs, climate funds, and domestic financial institutions are seen as crucial for de-risking private sector investments, channeling funds toward smallholder farmers, and ensuring that international financial flows complement national priorities.

34. At the local level, submissions emphasize the importance of inclusive governance and decentralized finance mechanisms that empower smallholder farmers, indigenous communities, and cooperatives to access climate finance. Some submissions note the success of multi-stakeholder rural finance programs, PPPs, and blended finance approaches in expanding financial access to underserved agricultural actors. Furthermore, some submissions suggest that the SCF Forum could provide a platform for ongoing dialogues and knowledge exchange on effective cooperation models, drawing lessons from successful experiences in cross-sectoral policy alignment, participatory planning, and joint financing strategies.

35. Some submissions emphasized the importance of financing Just Transition strategies for agrifood workers and rural communities to ensure that shifts toward climate-smart and sustainable agricultural models do not exacerbate rural poverty or labor displacement. Ensuring that finance mechanisms support job retraining, capacity-building, and social protection policies can facilitate a transition that is both equitable and climate-aligned.

F. Promoting Inclusive and Equitable Finance for Women, Youth and Indigenous Peoples and Local Communities

36. **Understanding the Disproportionate Impacts and Barriers to Finance**: Submissions highlighted the heightened exposure of women, youth and Indigenous Peoples and local communities to climate risks, particularly in sectors like food systems and agriculture. These groups often lack access to land, credit, and financial services, limiting their ability to adapt to climate shocks. Women, in particular, are more likely to rely on rain-fed agriculture and informal markets, making them especially susceptible to climate variability. Youth farmers face additional barriers, such as limited collateral and financial literacy, which restrict their access to loans and investment opportunities. Ensuring that climate finance is accessible to these groups is crucial for building resilience in food systems and agriculture, particularly in communities dependent on smallholder farming for both livelihoods and food supply. Submissions call for systemic changes to ensure that finance mechanisms actively target women, youth, and Indigenous groups, shifting from protection-based approaches toward empowerment and economic inclusion.

37. **Support Through Targeted Financing**: Examples of targeted support, such as WFP's SheCan initiative, illustrate the transformative potential of gender-responsive and youth-inclusive financing. By combining micro-loans with leadership training for women farmers in Rwanda, the initiative improved household food security and expanded women's roles in decision-making processes within farming cooperatives. Furthermore, the UK's

global development programs emphasize youth entrepreneurship in climate-resilient agriculture, showcasing how tailored financial mechanisms can create livelihood opportunities for young farmers. Such initiatives demonstrate how integrating gender and social inclusion considerations into financial mechanisms can catalyze both agricultural transformation and economic empowerment for underserved groups.

38. **Strengthening Community-Led, Inclusive Finance Models**: Some submissions stress that smallholder farmers, Indigenous Peoples, and youth continue to face systemic barriers to accessing finance, with credit and investment mechanisms often favoring larger agribusinesses. Expanding community-driven finance models, cooperatives, and youth entrepreneurship programs was highlighted as essential for ensuring financial inclusion in sustainable food systems and agriculture. Some submissions pointed to successful examples of community-led financial models, including Guatemala's community savings groups, which provide pooled resources for agricultural inputs and climate adaptation measures. Such approaches demonstrate how localized financial systems can address structural inequities and empower women, youth, and farmers to build long-term resilience in food systems and agriculture.

G. Leveraging Innovative Financial Instruments

39. Submissions underscored the critical role of innovative financial instruments in addressing the multifaceted challenges of financing sustainable food systems and agriculture in the face of climate change. These instruments offer the potential to enhance resilience, reduce risks, and unlock new sources of funding. By tailoring financial mechanisms to specific regional and sectoral needs, they bridge the gap between traditional finance and the unique requirements of climate adaptation and mitigation. Examples of financial instruments include public-private partnerships (PPPs), impact investments, and blended finance approaches, anticipatory action mechanisms, parametric insurance, and asset-collateralized loans.

40. **Proven Models and Tools**: Submissions porinted to public and private partnerships and anticipatory action mechanisms as key examples of innovative finance in action. PPPs offer scalable financial models by leveraging private sector investments alongside public funding to expand agricultural resilience. For example, Fiji's Commercial Farmers Equity Package demonstrates how PPPs can de-risk investments in sustainable agriculture by sharing financial risks between the public sector and agribusinesses. Furthermore, anticipatory finance provides early funding to mitigate the impacts of predicted climate events, reducing losses and ensuring quicker recovery. For instance, WFP's anticipatory actions in Bangladesh helped 200,000 people secure food and relocate livestock before severe flooding. Similarly, in Mali, these mechanisms have been integrated into broader risk management strategies to address drought-induced losses, illustrating their adaptability across contexts. Submissions also highlighted an increase of reliance on non-grant financial instruments, such as concessional loans and guarantees, while some submissions explore debt-swapping mechanisms to ease financial constraints on adaptation efforts.

41. **Exploring New Tools**: Impact investments and parametric insurance were highlighted as promising tools to finance agriculture and food systems and address weather-induced agricultural losses. Impact investment, which directs capital toward projects that generate both financial returns and measurable social or environmental outcomes, has been gaining traction as a mechanism for financing climate-smart agriculture. The Jeremy Coller Foundation, for example, has worked with multinational food companies to align investment portfolios with sustainability and climate resilience goals, demonstrating how private capital can drive transformation in food production and supply chains. Furthermore, parametric insurance models provide rapid payouts triggered by predefined weather events, such as rainfall levels or temperature thresholds. African Risk Capacity (ARC) program in Mali and Fiji demonstrated the utility of parametric insurance in stabilizing rural livelihoods during prolonged droughts, enabling communities to recover more quickly and avoid falling into deeper poverty cycles.

42. Furthermore, submissions noted that blended finance mechanisms are emerging as key tools in bridging the financing gap for agrifood systems, particularly in scaling up investments for small-scale producers. FAO highlights that 36% of global blended climate finance agreements in 2022 supported rural and smallholder farmers, signaling an increasing focus on de-risking agrifood investments through public-private partnerships and innovative insurance schemes.

43. **Advancing Country-driven, Context-Specific Solutions**: Submissions emphasized that effective climate finance must be country-driven and adapted to local socio-economic and environmental contexts. Climate-related financial interventions should be anchored in national policies, aligned with local needs, and designed to ensure accessibility for smallholder farmers, Indigenous groups, and rural communities. Several submissions noted that a one-size-fits-all financing model does not account for the diverse agricultural landscapes, financial constraints, and institutional capacities of different regions. Instead, country-driven approaches should leverage national expertise, strengthen existing financial institutions, and integrate traditional agricultural practices with climate-resilient innovations.

44. For example, Kenya’s innovative asset-collateralized loan program for dairy farmers illustrates how financial instruments can be tailored to sector-specific needs. By tying loans to productivity enhancements, such as better feed and veterinary services, the program enabled farmers to increase output while reducing financial risks. Similarly, Côte d'Ivoire’s climate-resilient crop subsidy program demonstrates how nationally designed financial mechanisms can promote the adoption of climate-smart agriculture. Fiji’s Commercial Farmers Equity Package further highlights how public-private financing partnerships can expand financial access for farmers while promoting climate-resilient food production.

45. Several submissions underscored the importance of scaling up financial incentives for regenerative agriculture, soil restoration, and nutrient efficiency. Degraded soils and declining soil fertility remain key threats to agricultural productivity and climate resilience, making targeted financial interventions critical. The RECSOIL Initiative, under FAO’s Global Soil Partnership, was highlighted as a model for rewarding farmers for adopting nutrient-efficient soil management practices. By providing financial incentives for carbon sequestration and soil health improvements, such initiatives enhance productivity while supporting broader environmental sustainability goals.

46. Additionally, some submissions emphasized that integrating soil restoration finance within broader climate and agricultural policies can ensure long-term impact. This includes redirecting agricultural subsidies toward soil health investments and developing insurance schemes that account for soil degradation risks. Strengthening such financial mechanisms can help farmers transition toward more sustainable agricultural practices while contributing to global mitigation and adaptation efforts.

47. **Non-Market Approaches**: NMAs under Article 6.8 of the Paris Agreement, which provide financing pathways that do not rely on carbon markets or emissions trading, was emphasized in some submissions. These approaches are particularly relevant to adaptation, as they facilitate international cooperation in financing climate-resilient agriculture. Examples include Colombia’s 'Obras por Impuestos' initiative, where businesses can fulfill tax obligations by investing in climate and social development projects, and the African Development Bank’s Adaptation Benefits Mechanism (ABM), which finances climate-resilient agriculture and ecosystem restoration without market-based offsets.

48. **Addressing Challenges**: While the potential of innovative financial instruments is significant, submitters also noted key challenges in their implementation. These include limited technical capacity among stakeholders to design and deploy such tools effectively, a lack of access to reliable climate data to inform mechanisms like parametric insurance, and insufficient funding to scale proven models. For example, Burkina Faso’s experience with anticipatory finance highlighted the need for stronger institutional frameworks and technical training to ensure effective deployment. Similarly, the Gambia emphasized the difficulty of securing sufficient funding to pilot and expand innovative instruments, underscoring the importance of international support and partnerships. Some submissions caution against

market-based financing approaches, such as carbon farming and carbon offset schemes in agriculture, arguing that they risk diverting funds away from transformative solutions that build long-term resilience in food systems.

H. Role of Smallholder Farmers

49. Submissions emphasized the critical role of smallholder farmersin fostering sustainable food systems and building climate resilience. As stewards of natural resources, smallholders manage a significant portion of the world's agricultural land, yet they often face limited access to financial resources, technical support, and markets. Many submissions highlighted the need for tailored financial instruments and participatory approaches to address these challenges, ensuring that smallholder farmers can actively contribute to climate adaptation, mitigation, and resilience-building efforts.

50. Furthermore, some submissions emphasized the role of social protection in building climate resilience, arguing that climate finance mechanisms should incorporate social safety nets to support farmers in times of climate shocks. Climate-responsive social protection schemes can enhance financial security and prevent smallholder farmers from falling into poverty spirals.

51. **Empowering Marginalized Populations**: Smallholder farmers were frequently identified as central to sustainable food systems and agriculture. Brazil's agroforestry systems under the Atlantic Forest Restoration Pact and Burkina Faso's agro-sylvo-pastoral initiatives, for instance, integrate tree planting with crop farming, enhancing soil health, water retention, and agricultural yields. Similarly, Senegal's efforts to incorporate smallholders into adaptation planning through participatory budgeting exemplify how engaging marginalized groups in decision-making processes can strengthen local ownership and effectiveness of climate projects.

52. **Localized and Tailored Interventions**: Localized solutions were emphasized as critical for addressing the specific challenges faced by smallholder farmers in diverse regions. Programs like WFP's Smallholder Agricultural Market Support illustrate the impact of tailored interventions such as market access facilitation, value chain development, and capacity-building for farmers. These initiatives not only improve livelihoods but also promote sustainable agricultural practices that align with local contexts and needs.

53. **Challenges in Implementation**: While innovative approaches offer transformative potential, submissions also highlighted persistent challenges in scaling these efforts. Limited technical capacity, inadequate infrastructure, and barriers to accessing financial instruments remain significant hurdles. For example, some submissions noted that smallholder farmers in sub-Saharan Africa often struggle to access concessional loans or insurance products due to lack of awareness, high transaction costs, or insufficient institutional support. Addressing these challenges requires coordinated efforts to bridge financing gaps and enhance the capacity of local institutions.

54. **Cross-Sectoral and Inclusive Solutions**: A recurring theme across many submissions was the importance of inclusive financial instruments and cross-sectoral collaboration. For instance, Kenya's solar-powered irrigation systems were cited as a model of how technology and finance can converge to support smallholders while addressing climate vulnerabilities. Similarly, global partnerships facilitated by organizations like WFP and FAO demonstrate how multilateral support can amplify the reach and impact of localized solutions, ensuring that smallholders are not left behind in global climate action.

I. Exploring Private Sector Engagement

55. Submissions emphasized the critical role of private sector engagement in scaling climate finance for sustainable food systems and agriculture. By leveraging innovative financial instruments and fostering public-private partnerships, the private sector can

mobilize significant resources, drive technological advancements, and enhance the efficiency of climate interventions. These approaches not only unlock new funding sources but also promote sustainability through accountability and performance-driven models.

56. However, submissions also highlighted challenges in fully integrating private sector participation, including gaps in capacity and alignment with public policies. Furthermore, some submissions stressed the need for safeguards to prevent conflicts of interest, particularly where agribusiness actors have vested interests in industrial farming models that may not align with sustainability goals. Transparent governance mechanisms and accountability frameworks were highlighted as crucial for ensuring that private sector finance supports climate-resilient and inclusive food systems and agriculture.

57. **Mobilizing Resources Through Partnerships**: PPPs emerged again as a key mechanism for mobilizing resources and achieving shared climate goals. Fiji's submission highlighted its collaboration with private agribusinesses to scale agro-processing infrastructure, reducing post-harvest losses and improving value chains. Similarly, Senegal noted its partnership models that integrate private sector investments in water management systems, demonstrating how targeted collaborations can address sector-specific challenges and enhance resilience in agriculture. However, some submissions stress that private financial flows can prioritize industrial agriculture, with agribusiness investments often linked to deforestation, biodiversity loss, and unsustainable production models. These submissions highlight the need for stronger accountability frameworks to align private sector finance with sustainability goals.

58. **Incorporating ESG Principles**: Submissions stressed the importance of aligning private sector investments with environmental, social, and governance (ESG) principles to ensure accountability and sustainability. For example, the Jeremy Coller Foundation's work with multinational food companies showcases how ESG-focused practices can transform supply chains to meet sustainability goals. These efforts aim to provide a blueprint for other corporations to integrate climate resilience and low-emission practices into their operations, ensuring alignment with global climate objectives.

59. **Innovative Business Models**: Submissions also highlighted the transformative potential of innovative business models in driving private sector engagement. Shamba Ventures explained how its outcome finance model demonstrated that blending public and private investments can deliver measurable impacts, such as increased crop yields and reduced emissions. This approach ties financial returns to performance outcomes, fostering accountability and incentivizing sustainable practices. In addition, Kenya's solar-powered irrigation systems were cited as an example of how private sector innovation can address key agricultural vulnerabilities while reducing reliance on fossil fuels.

60. **Challenges in Private Sector Engagement**: Despite its potential, submissions noted key challenges in integrating private sector contributions effectively. These include limited alignment between public policies and private investments, regulatory barriers, and insufficient incentives to attract private capital. For instance, Burkina Faso's experience highlighted difficulties in scaling private sector initiatives due to inadequate infrastructure and lack of awareness about financial instruments. Similarly, submissions from the Gambia and WFP underscored the need for greater technical assistance and capacity-building to facilitate partnerships and ensure equitable outcomes.

J. Addressing Data Gaps and Strengthening Monitoring

61. Submissions highlighted that closing data gaps and strengthening monitoring systems are foundational to effective climate finance and sustainable agriculture. Accurate, granular data is critical for guiding policy decisions, tailoring financial instruments, and measuring the impacts of climate interventions. Robust monitoring and evaluation frameworks ensure transparency and accountability, while innovative technologies enhance data collection and dissemination, even in remote regions. Despite these opportunities, submissions also noted

challenges, including limited access to technology, insufficient technical capacity, and inconsistent data quality across regions.

62. Furthermore, there is a need for an integrated overview of climate finance flows for agriculture, categorizing funds by mitigation, adaptation, and cross-cutting projects, and the Forum could facilitate a discussion on how to improve transparency in financial flows and ensure effective tracking of investments across sectors.

63. **Improving Data Availability**: Localized and granular data emerged as a key priority across several submissions, as it informs science-based, adaptive strategies and supports climate-resilient planning. Côte d'Ivoire's call for regional climate data centers underscores the need for targeted efforts to develop data infrastructure. Such centers would enhance the availability of high-resolution climate data, supporting decision-makers in identifying risks and prioritizing investments. Similarly, Senegal's submission emphasized the importance of localized meteorological data to support early warning systems and climate-resilient agricultural practices.

64. **Developing Robust Metrics**: Transparent monitoring and evaluation frameworks were frequently cited as essential for tracking the effectiveness of climate finance and adaptation programs. WFP's use of satellite technology in Niger was presented as an example, enabling the real-time monitoring of land restoration progress and project impacts. These tools can strengthen accountability by providing measurable outcomes, which are crucial for scaling successful interventions.

65. Some submissions emphasize that tracking financial flows to food systems must ensure that funding supports sustainability and resilience, rather than reinforcing high-emission industrial agriculture models. Furthermore, some submissions stressed the need to complement existing finance tracking efforts, such as FAO's Nationally Determined Contribution Expert Tool or the reporting under UNCCD on sustainable agriculture investments, to improve transparency in financial flows and avoid duplication of reporting systems. FAO notes that accurate measurement of climate finance in agrifood systems remains a challenge due to inconsistent data, methodologies, and assumptions.

66. **Leveraging Technology**: Technological innovations, such as mobile-based data collection platforms, were highlighted as transformative for addressing data gaps in remote areas. These platforms aim at improving the timeliness and accuracy of decision-making through real-time monitoring of agricultural and climate indicators. Kenya's use of digital tools to monitor soil health and crop productivity demonstrates how technology can empower farmers with actionable insights while supporting data-driven policy development.

67. **Challenges in Data Collection and Monitoring**: Submissions also pointed to significant challenges in addressing data gaps and strengthening monitoring systems. Limited technical capacity, particularly in developing countries, often constrains the ability to collect, analyze, and utilize data effectively. For example, The Gambia's submission highlighted the need for capacity-building initiatives to train local stakeholders in using advanced data tools. Additionally, financial constraints and inconsistent data quality across regions were identified as barriers to implementing robust monitoring frameworks. Addressing these challenges will require sustained investments in research, technology, capacity building, and multilateral cooperation.

Annex II

Draft programme outline of the 2025 SCF Forum on accelerating climate action and resilience through financing for sustainable food systems and agriculture

DAY 1: FRAMING THE ISSUES AND POLICY PATHWAYS

Opening Session (Plenary)
• Welcome and Opening Remarks
  o SCF
  o High-level representatives of the FAO
• Overview of the SCF Forum objectives and expected outcomes

Session 1: Curtain-Raiser – Understanding the Climate, Agriculture and Food Security Nexus • *This session will explore the interlinkages between climate change, agriculture and food security, and how financing these sectors is interconnected for addressing climate change and sustainable development.* • *The session will amplify the voices of smallholder farmers as communities on the frontlines of climate change and the particular challenges faced by them.*
Session 2: Scaling Up Financing for Sustainable Food Systems and Agriculture • *Identify gaps and opportunities for increasing finance flows to food systems and agriculture to enhance sustainability, climate action, resilience and global food security, and ways to better track financial flows for food systems and agriculture.* Example of possible breakout groups (BOGs): • BOG 1: Government Perspective • BOG 2: Financial Institutions & Private Sector Perspective • BOG 3: Farmer & SME Perspective
Session 3: Strengthening Policy Coherence and Linkages • *Ways to strengthen policy coordination to align climate finance with sustainable food systems and agriculture, ensuring long-term coherence between financial flows, policies and governance frameworks*.
DAY 2: SCALING-UP FINANCE AND STRENGTHENING IMPLEMENTATION
Session 4: Leveraging Financial Sources and Instruments for Sustainable Food Systems and Agriculture • *Identify and assess financial sources and instruments that can mobilize resources effectively to support sustainable food systems and agriculture.*
Session 5: Addressing Capacity Gaps, Access and Inclusion in Financing Sustainable Food Systems and Agriculture • *Discuss ways to strengthen institutional readiness, improve accessibility of finance, and enhance data systems and monitoring frameworks*

Session 6: Key Takeaways and Next Steps
• *Identify key takeaways and develop actionable recommendations.*
  o Reflections by all participants
  o Recommendations for scaling up mobilization and delivery of climate finance for agriculture and sustainable food systems
  o Identification of possible actions by various actors
• Closing remarks