

## **Submission to the UNFCCC Standing Committee on Finance**

### **Accelerating climate action and resilience through financing for sustainable food systems and agriculture**

#### **On behalf of the Alliance of Bioversity and CIAT and the CGIAR**

##### **Background and Introduction**

The 2025 Forum of the Standing Committee on Finance (SCF) will take place from 8 – 9 September at FAO Headquarters in Rome on the subject of accelerating climate action and resilience through financing sustainable food systems and agriculture.

This submission on behalf of the Alliance of Bioversity and CIAT and the CGIAR responds to the open call for submissions. The guidance on submissions asks for stakeholders to provide:

1. Evidence and information relevant to the possible sub-themes identified by the co-facilitators to further explore and develop the programme of the Forum.
2. Examples and case studies related to financing sustainable food systems and agriculture.
3. Possible additional sub-themes for the co-facilitators to consider in the programme.

For this submission, we respond to sub theme 9 concerning innovative financial instruments, placing emphasis on Non-Market-based Approaches (NMAs) under Article 6.8 of the Paris Agreement, and sub theme 11 concerning capacity-building and technical support for farmers, small and medium-sized enterprises, and institutions involved in the agricultural and food sectors in developing countries, with specific emphasis on the need for GCF Readiness support for NMA implementation and Article 6.8 operationalization.

##### **Innovative financial instruments**

Article 6.8 NMAs are intended to foster voluntary international collaboration among parties to address climate change adaptation and mitigation, without relying on carbon trading or emissions reductions that are monetized via markets. Whilst such approaches may result in mitigation outcomes, they are of high relevance to adaptation outcomes in developing countries for resilience of food systems. A series of roundtables and workshops have been held by the Glasgow Committee on NMAs in recent years demonstrating a wide range of examples of what may constitute an NMA. It is well accepted that NMAs can leverage diverse financing mechanisms that emphasize holistic and integrated solutions for climate action in the land sector, empowering countries to pursue climate objectives aligned with their national contexts<sup>1</sup>.

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<sup>1</sup> [https://unfccc.int/sites/default/files/resource/SB60\\_Art.6.8\\_CGIAR.pdf](https://unfccc.int/sites/default/files/resource/SB60_Art.6.8_CGIAR.pdf)

An example of one innovative financial mechanism that aligns with the principles of Article 6.8, which the SCF may take into consideration, is the *obras por impuestos* (works for taxes) program in Colombia<sup>2</sup>. This mechanism allows eligible companies to invest up to 50% of their annual taxes into projects that support social and environmental development in regions affected by conflict, poverty, institutional challenges and illegal activities. This model transforms tax liabilities into a tool for environmental and social impact by encouraging private sector investment in public goods. *Obras por Impuestos* represents an alternative to direct government spending, creating an additional flow of capital for sustainable projects while simultaneously offering tax relief to businesses.

One venture funded through this mechanism is the "nature for peace" project that targets deforestation reduction, ecosystem restoration, and smallholder farmer livelihood improvement in Caqueta, Colombia<sup>3</sup>. This project constitutes a payment for ecosystem services initiative that can make for a scalable model that fosters local climate action, resilient agriculture, and attracts external investment. Financing initiatives as such can blend corporate financing with climate action, showing how businesses can participate in sustainable development without relying on carbon market mechanisms.

Another example of NMAs that has been raised is that of the Adaptation Benefits Mechanism of the African Development Bank<sup>4</sup>. This mechanism is the first NMA uploaded to the NMA web based platform, and is now being piloted in relation to: drip irrigation technology to make better use of available irrigation water; sustainable practices to protect cacao plantations from diseases exacerbated by climate change, climate resilient agriculture to diversify income streams of vulnerable farmers, and development of weather information systems to provide farmers with accurate weather forecasts<sup>5</sup>.

Innovative financial instruments that fall within the framework of NMAs offer a unique approach to tackling climate change, poverty and environmental degradation and support sustainable food systems. By linking private investment with public and environmental benefits, these models ensure that both national and local actors are incentivized to participate in sustainable climate action, creating a more inclusive and diverse path to achieving the goals of the Paris Agreement.

### **Capacity-building and technical support**

For the purposes of fully operationalizing Article 6.8 and access to finance for NMAs, there continues to remain a need for capacity building, especially amongst the nominated NMA National Focal Points (NFPs).

A recent submission to the UNFCCC<sup>6</sup> was provided on this subject by the Alliance of Bioversity and CIAT and the CGIAR in response to the invitation to observers to submit views and information on the progress and outcomes of the first phase of implementing the Article 6.8 work programme activities, and views on improving and recommending the schedule for implementing the work programme activities for

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<sup>2</sup> <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202403292057---CGIAR-Submission-Art.%206.8.pdf>

<sup>3</sup> <https://alliancebioiversityciat.org/stories/open-investment-novel-nature-peace-project-colombia>

<sup>4</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/cooperative-implementation/Article-6-8/nma-platform/main/non-market-approaches>

<sup>5</sup> <https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/adaptation-benefit-mechanism-abm>

<sup>6</sup> <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202408281445---CGIAR-CIAT-Submission%20Article%206.8%20-08.2024.pdf>

the second phase. In that submission, we identified a wide range of areas of expertise required of an NFP, and that the Green Climate Fund (GCF) plays an important role in the next phase of implementing Article 6.8 NMAs. The SCF Forum can provide important guidance to the UNFCCC financial mechanisms, including the GCF.

The GCF's experience in supporting its own National Designated Authorities (NDAs) through tailored readiness programs can be leveraged to support NFPs, ensuring that they are well-equipped to address the complexities of NMAs, including integrating mitigation and adaptation strategies, fostering inclusive stakeholder engagement, and ensuring alignment with national and international climate goals, and support the acceleration of climate action and resilience through financing for sustainable food systems and agriculture. That submission makes the following recommendations, adapted here for the purposes of the 2025 SCF Forum, which could be further considered by the SCF in its Forum, and subsequent guidance and recommendations to UNFCCC financial mechanisms.

1. A program for capacity building for NFPs, including through GCF readiness on the following topics:
  - a. Enhanced understanding of synergistic mitigation adaptation approaches specific to food systems, ensuring permanent emissions reductions, support for implementation of country NDCs and the achievement of inter alia the long-term temperature goal of the Paris Agreement.
  - b. Technical support concerning the quantification of food system related GHG emissions reductions from the NMA, as well as reporting through the enhanced transparency framework.
  - c. Risk prevention and management throughout for the purpose of ensuring NMAs are conducted in a manner that is consistent with the 11th preambular paragraph of the Paris Agreement.
  - d. Systems, methods, and mechanisms to ensure the NMAs do not involve the transfer of any mitigation outcomes.
  - e. Approaches to ensuring the full and effective participation of stakeholders and smallholder farmers, including Indigenous Peoples, local communities and Afro-descendant Peoples<sup>7</sup>.
  - f. Enhanced multi-level coordination at the national level, across sectors, and to enable opportunities for coordination across instruments and relevant institutional arrangements.
  - g. The integration and mainstreaming of gender considerations aligned with best practices.
  - h. Support for national institutions and strengthening institutional governance frameworks; and
  - i. The development of effective communication strategies, which support the implementation of Article 6.8 NMAs in a participatory and transparent manner; and
2. A request that the UNFCCC Standing Committee on Finance should commence work on enhanced support for NMAs under Article 6.8, including to make the subject a thematic area of

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<sup>7</sup> See <https://rightsandresources.org/keywords/afro-descendant-peoples/>

focus, and hold a Forum specifically on the subject as soon as possible and to provide guidance to the financial mechanisms of the UNFCCC.

## **Conclusions and Recommendations**

Since the launch of the Glasgow Committee on NMAs at COP26 in 2021, a diverse range of examples of NMAs specific to climate action resilience for sustainable food systems and agriculture have been showcased and subject to discussions amongst parties to the UNFCCC.

Some such examples are identified here, and the SCF would benefit greatly from further exploration as to the work of the Glasgow Committee, and consideration of such examples for inclusion at the upcoming Forum.

Placing emphasis on NMAs and their role in the acceleration of climate action and resilience through financing for sustainable food systems and agriculture during the 2025 Forum, will assist greatly in the implementation and operationalization of an important provision of the Paris Agreement.

In addition to a showcasing of NMAs during the 2025 Forum, the SCF should further explore the role of the UNFCCC financial mechanisms, in particular the GCF and readiness opportunities which may exist to support Article 6.8 NPFs, and support the realization of Article 6.8 NMAs on the ground to achieve adaptation and mitigation outcomes, and enhance international cooperation.