

Submission to the UNFCC Standing Committee on Finance

Title: Outcome Finance

Submitted by the: Shamba Centre for Food & Climate (<https://www.shambacentre.org/>)

Background

Outcome finance is an innovative financial mechanism that ties the disbursement of funds directly to the achievement of predefined, measurable outcomes rather than conventional outputs. This approach shifts the focus of development assistance from “process-driven activities” to the results. By emphasizing accountability and measurable impact, outcome finance leads to a significant paradigm shift in how funding is structured.

Traditional models rely on inputs or outputs as key benchmarks, e.g. completion of specific activities or projects, without adequately addressing whether these activities achieve the broader impacts. Outcome finance, in contrast, ensures that financial resources are only allocated when agreed-upon outcomes are in fact achieved. This approach not only fosters efficiency in achieving sustainable development goals but also aligns the interest of funders and implementers.

The Shamba Center for Food & Climate is working on an outcome finance vehicle designed to cut across multiple sub-themes of the 2025 SCF Forum - themes 1, 2, 3, 4, 5, 6, 8, 9, and 11. The vehicle specifically supports the Non-Market-Based Approaches under Article 6.8 of the Paris Agreement. We thereby aim to deliver holistic approaches to tackling the dual challenges of food security and climate change.

The design

The Shamba Centre in partnership with Quantified Ventures (<https://www.quantifiedventures.com>) is launching in 2025, a special purpose vehicle to deploy outcome finance.

The innovative business model is as follows (Figure 1):

1. Funding Mechanism:

Shamba Ventures will secure concessional loans from donors and impact investors and use this upfront capital to make outcome payments to implementing organisations.

2. Implementing Organisations:

Implementing organisations, such as cooperatives and aggregators will serve as the intermediaries between Shamba Ventures and the final beneficiaries. These organizations will use the outcome payments to:

- Make payments to individual farmers, SMEs, land restorers/owners for generating measurable outcomes.
- Provide technical assistance and capacity-building support to ensure the beneficiaries have the tools, knowledge, and resources to achieve the outcomes

3. Outcome Verification:

Realized outcomes will be verified to ensure credibility and transparency, building confidence among donors and investors.

4. Selling Verified Outcomes

Once verified, Shamba Ventures will sell these outcomes to diverse pool of buyers including, donors, philanthropic foundations, impact investors, and businesses.

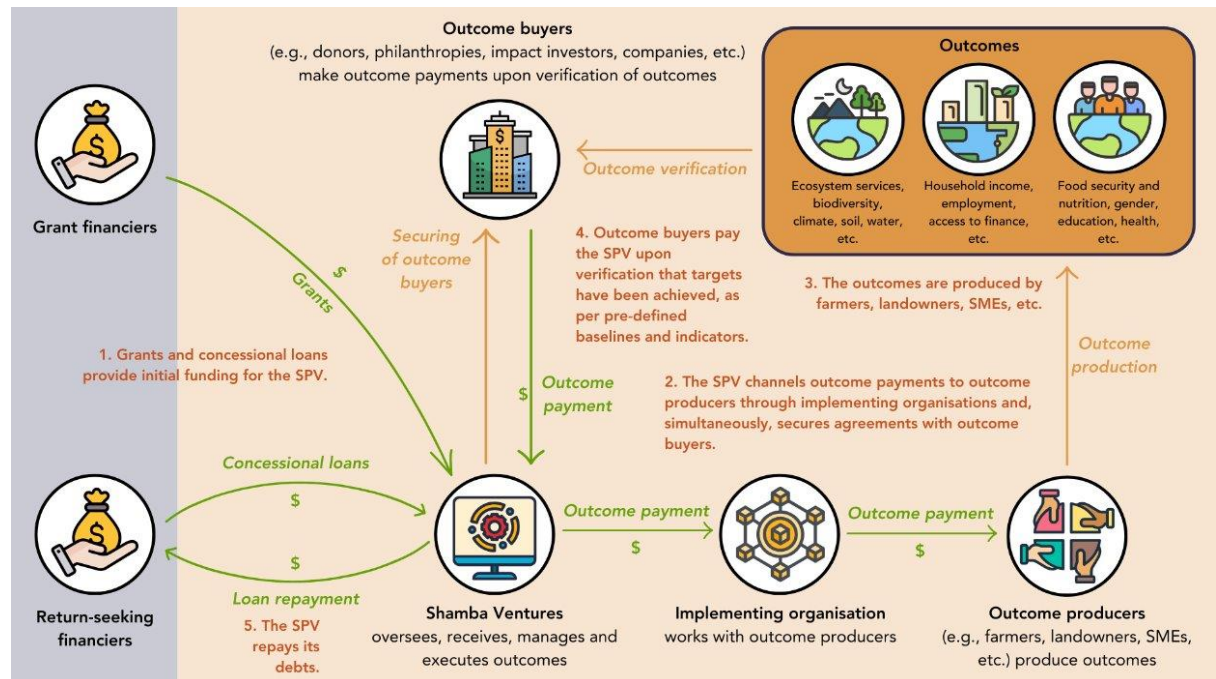


Figure1: The business model of Shamba Ventures

Key innovations

1. **De-risking:** As upfront outcome payments are made to implementing agencies, farmers and SMEs to carry out the pre-agreed improvements, their financing challenges are reduced. Shamba Ventures takes on both the financing risks and the risks on non-performance.
2. **Stacking Interlinked Outcomes** (see Figure 2): Projects are always designed to achieve multiple and interconnected outcomes. For example: linking outcomes on soil health, erosion, and biodiversity uplift and carbon sequestration. Another example will be linking outcomes on carbon sequestration, biodiversity, biofortification, gender and nutrition. This approach reduces marginal costs of implementation, maximizes impact and help us attract diverse outcome buyers.
3. **Scalable framework:** The special purpose vehicle (SPV) structure enables flexibility and scalability across geographies, sectors, and outcome types

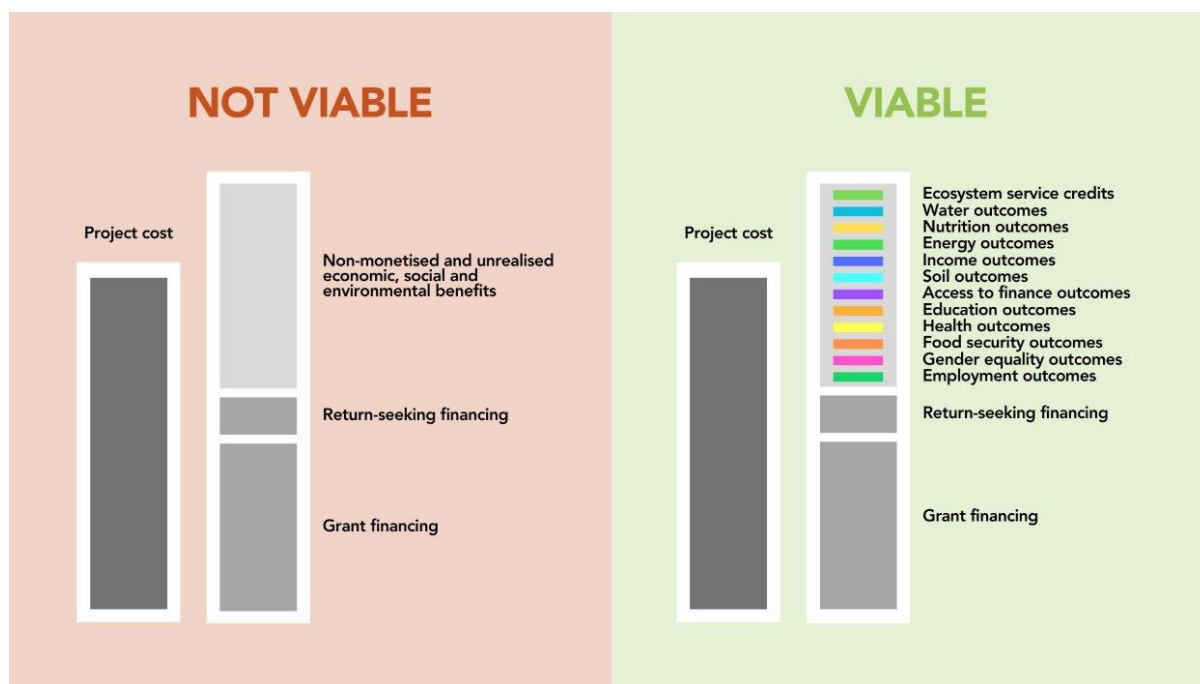


Figure 2: Stacking interconnected outcomes

Fundraising

We are now fundraising for Shamba Ventures. Discussions are underway with Swiss Development Corporation, German Federal Ministry for Economic Cooperation and Development, the Global Environment Facility, the Green Climate Fund, and the Rockefeller Foundation. In parallel, we are in conversation with three private high-net-worth investors, reflecting the interest in climate-smart and outcome-driven approach from both public and private sectors.

Why we are making this submission

The global development community faces a major challenge in mobilizing more climate finance for food and agriculture. Despite their importance, these sectors remain significantly underfunded. For example, in 2023, only 0.8% of global climate finance was directed toward smallholder farmers and agri-food SMEs (Climate Policy Initiative, 2023). This underinvestment represents stark mismatch between the need for resources and their allocation.

Shamba Ventures is being designed to address this challenge and bring more blended financing for mitigation and adaptation in land use and agriculture. In 2023, blended climate financing climate projects reached a record high with 1,233 transactions valued at \$231 billion (Convergence 2024). However, this is only a fraction of the resources needed to meet the global climate and development targets. We believe that systemically designed projects when sensibly de-risked and offering additionality to donors can unlock bring new actors to the funding table.

We also want to showcase the 10-year track record of Quantified Ventures, our partners in outcome finance innovation. Quantified Ventures shows that outcome finance can catalyse long-term investment in climate, agriculture, and land-use by rewarding farmers, landowners, and SMEs for sequestering carbon, preserving biodiversity, improving soil

health, creating jobs and improving community health and nutrition. Their work also demonstrates the importance of building markets for nature. Given that nature is largely undervalued by economic and financial systems, the climate crises will continue to prevail until those that restore and sustain ecosystems are financially compensated for their essential contribution.

Shamba Ventures will also be informed by the substantive evidence base established by our 2025 flagship project, Hesat 2030. This 3-year evidence synthesis research project investigates the most cost effective and impactful solutions to end hunger. More details about Hesat 2030 project can be found at: <https://www.hesat2030.org/>.

This submission is an opportunity to share best practice with the UNFCCC Standing Committee on Finance and contribute to the global conversation on climate finance. By leveraging innovative financial mechanisms, and strong evidence base, Shamba Ventures aims to demonstrate how outcome finance can transform food systems and achieve measurable progress toward climate and development goals.

About the Shamba Centre for Food & Climate (<https://www.shambacentre.org/>)

Founded in 2023, the Shamba Centre builds on the track record of its founders. Funded by BMZ, GIZ, SDC, the Gates Foundation, FAO, UNIDO, we work with blended funds, donors, governments, and businesses to end hunger. We have working partnerships ongoing in 12 countries.

Our work on sustainable finance includes the 2023 enquiry on sustainable finance in food systems, that led to the multi-donor working group on blended finance, hosted by the Global Donor Platform for Rural Development. We also designed and facilitated the Technical Advisory Committee to the FAO during the writing of SOFI 2024 and contributed to chapters 3 and 5.

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References:

Buchner et al, Global Landscape of Climate Finance 2023, Climate Policy Initiative 2023.

Convergence Blended Finance (2024). The State of Blended Finance 2024. Convergence Report