United Nations Development Programme

Submission by the United Nations Development Programme to the Standing Committee on Finance (SCF) on its 2025 Forum on accelerating climate action and resilience through financing for sustainable food systems and agriculture (8-9 September 2025, FAO Headquarters, Rome, Italy).

Background

The United Nations Development Programme (UNDP) welcomes the opportunity to share its views on the possible sub-themes identified by the co-facilitators to further explore and develop the programme of the Forum. This submission also provides examples and case studies related to financing sustainable food systems and agriculture and suggests possible additional sub-themes.

Possible sub-themes for the 2025 SCF Forum as identified by the co-facilitators

1. **Opportunities for financing agriculture and food systems to be positive drivers of climate action and strengthened climate resilience and mutually support sustainable development.**

A value chain approach for agricultural products can help driving investments to sustainable and resilient agriculture and food systems, accelerating climate action and resilience while advancing sustainable development. Integrating actors across the agriculture value chain (from input providers and producers to processors, buyers, and traders) helps aligning investments with market demand and ensuring financial sustainability. Doing so also de-risks investments by addressing supply chain inefficiencies, low productivity and climate vulnerabilities, while catalyzing private sector finance. Through targeted support, such as access to climate-smart technologies, climate information, capacity building and infrastructure development, value chain financing enhances the resilience of smallholder farmers while incentivizing actors to invest in sustainable practices.

UNDP-FAO's Scaling up Climate Ambition on Land Use and Agriculture through NDCs and NAPs (SCALA) programme uses this approach across several countries it supports. Partner countries apply the Climate Action Review tool UNDP and FAO designed for countries to identify a system of choice, often a value chain, with transformative potential, drawing from priorities in the Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) and other climate plans. Countries can apply the UNDP-FAO Toolkit for Value Chain Analysis and Market Development Integrating Climate Resilience and Gender Responsiveness. With this toolkit, countries analyze value chains to improve climate change resilience and reduce gender inequalities and prioritize investments to promote market development. By utilizing this tool, the SCALA programme has identified vulnerabilities and opportunities within value chains and identified interventions that promote bankable and resilient value chain investments, along with potential financing sources. This approach not only strengthens the resilience of agricultural systems and of the people who rely on them, but also attracts investments by demonstrating the viability of climate-smart and inclusive value chains.

For example, in Ethiopia the SCALA programme applied a value chain approach by prioritizing adaptation measures that are market-driven and supported by value chain actors such as anchor

companies, input providers, and financial institutions. This included strengthening linkages among stakeholders, fostering public-private partnerships and de-risking measures like access to finance and seed certification. Adaptation options such as resilient livestock value chains, small-scale irrigation, and access to meteorological services improve climate resilience while involving the private sector. Emphasis is placed on gender-sensitive strategies, leveraging cooperatives, NGOs, and public sector support to integrate inclusive and climate-smart practices across agricultural system.

These efforts are expected to generate significant economic and financial benefits by improving agricultural productivity, safeguarding vital ecosystem services that agro-pastoralists depend on, increasing private sector investment in resilient practices and creating more stable revenue streams through enhanced supply-chain efficiencies and climate-resilient production. This holistic strategy not only strengthens food systems' adaptive capacity but also attracts diverse financing streams, ensuring sustainable development through long-term economic, social, and environmental benefits.

2. **The role for different actors across the financing landscape for agriculture and sustainable food systems**, **and how they can work together to enhance the scale and impact of investment in climate outcomes through these sectors, including to respond to the needs and priorities of developing countries and affected communities.** *(combined with response to point 10)*

The agricultural and food sectors are highly impacted by climate change while also contributing significantly to greenhouse gas emissions. Addressing this complex challenge therefore requires a concerted effort from all stakeholders, working together across borders and sectors. Climate change impacts food security, water resources, and ecosystems worldwide. International cooperation is crucial for sharing knowledge, coordinating research, and developing common strategies to address these shared challenges.

Multi-stakeholder collaboration can also support the development of Public-Private-Partnerships, where governments can provide policy incentives, infrastructure, and research funding, while the private sector brings innovation, technology, and investment capital. Partnerships between these actors can accelerate the development and deployment of sustainable solutions. International collaboration can also foster the development of climate-smart agriculture techniques, renewable energy solutions for food processing, and efficient supply chains that minimize waste and emissions.

Multi-stakeholder collaboration (MSC) and inclusive participation help unlocking the necessary financial resources to transform the land-use and agriculture sectors, to boost collective action and enhance environmental governance, and lay the foundation for long-term collaboration with the private sector. As stated by the World Economic Forum:

> *"The failure to solve the climate crisis so far is not the result of a lack of resources. While the trillions of dollars needed for low emission, climate resilient development drastically exceed that of all international aid funding in the world - amounting to approximately 20 times the budgets - this level of capital exists in the private sector and institutional investors. Market conditions, however, create obstacles and restrictions that make it unfeasible for these actors alone to achieve the impact required for systemic transformation."*[1]

UNDP has been supporting multi-stakeholder collaboration in the agriculture sector for more than 15 years through the Green Commodities Programme. The Guide to 'Effective Collaborative Action' provides a systems-based approach for multi-stakeholder collaboration and leadership across stakeholder groups to foster technical solutions, the development of integrated financing mechanisms, inter-ministerial coordination and policy coherence. The 'Effective Collaborative Action' methodology offers tools and practices to transform food and agricultural systems.

SCALA works in developing countries in Africa, Asia and Latin America, where some of the most vulnerable populations depend on agriculture for their livelihoods and income, particularly smallholder farmers. It works directly with key government stakeholders (i.e. Ministries of Agriculture, Environment, Finance and Planning and climate change coordination bodies), as well as representatives of civil society organizations, private sector, research and academia. It also reaches countries through the SCALA Private Sector Engagement Facility focused on private sector engagement and public-private collaboration. Guided by the SCALA private sector engagement strategy, the SCALA programme engages with private sector stakeholders to explore how they can participate in climate action.

The private sector is a key player in the transformation of agriculture and food systems. However, its engagement in climate finance, particularly for adaptation, has been limited. To support countries in strengthening that engagement, SCALA is developing a series of briefs on how to engage with the private sector. The first installment is on mapping, outreach and engagement, which is a crucial step to understanding the wide range of actors, their potential roles, and the barriers they face.

Recognizing the importance of multi-stakeholder cooperation for sustainable food systems, SCALA brought together, key actors in Egypt's dairy industry to discuss climate change impacts and explore collaborative solutions for implementing priorities in the agriculture and food systems. Livestock has been prioritized as a sub-sector in Egypt, where SCALA organized a roundtable with the Egyptian dairy industry in Cairo to assess climate change impacts and to explore how joint action can accelerate the implementation of agri-food priorities.

Producers and businesses shared climate solutions, such as ventilation infrastructure and changes in feeding practices, improved forage production and manure management, all addressing productivity and emissions issues. Financial institutions shared their offer of green financial products to support businesses and farmers, e.g. through combined packages of technical assistance and low-cost loans. The next steps include a value chain analysis, further dialogues with private sector actors to co-design a de-risking strategy to make the livestock sector more sustainable and resilient.

3. Strategies for financing the policy nexus of agricultural sustainability, food systems, climate change and sustainable development, including policy and financial planning, efforts, and partnerships to address adaptation, mitigation, loss and damage and other environmental priorities.

Interconnectedness of agricultural sustainability, food systems, climate change and sustainable development need financing strategies that address adaptation, mitigation, loss and damage and other environmental priorities. The success of these strategies depends on integrating them at the policy and planning levels, and through partnerships with all stakeholders.

Through national policy instruments such as National Biodiversity Strategies and Action Plans for the Convention on Biological Diversity, NDCs and NAPs for the UNFCCC, and Land Degradation Neutrality targets for the UN Convention to Combat Desertification, countries can optimize resources and ensure coherent approaches to the interconnected nature, climate, and land crises.

Climate action in the agricultural and land use sector is crucial to combat climate change, biodiversity loss, and desertification. Climate change is one of the major drivers of biodiversity loss and land degradation, with anthropogenic climate-induced warming potentially threatening as many as one in six species of flora and fauna around the globe. According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services biodiversity is critical to combat climate change. Nature-based solutions, such as reforestation, coastal restoration, and conservation agriculture, have the potential to reduce human-caused greenhouse gas (GHG) emissions by over 30 per cent to ensure global warming does not increase by 2 degree Celsius above pre-industrial levels.

4. Gender-responsive financing in the agriculture and food sectors as a tool for enhancing climate action and resilience.

Making agriculture and food systems sustainable and resilient requires the promotion of gender equality and social inclusion, both to address their vulnerabilities and needs and to leverage the knowledge and contributions from diverse groups in developing climate solutions. Gender-responsive financing is an inherent part of the transformation of agri-food systems. It is an approach by which the specific needs of the most vulnerable (women, youth, marginalized groups) are considered for a fairer management and distribution of resources.

UNDP supports countries with gender-responsive budgeting and financing for climate action. It has developed evidence-based tools such as a framework for enhancing gender and poverty integration in climate finance that identifies entry points to public, innovative, and multilateral funding sources.

There are other useful tools with practical insights. These include:

- *Framework-enhancing-gender-and-poverty-integration-climate-finance*
- *Guidelines: Gender-responsive and socially inclusive climate cost-benefit analysis*
- *Knowing-what-you-spend-guidance-note-governments-track-climate-change-finance-their-budgets*
- *Hard-choices-integrated-approaches*
- *Financing Blue Economy*
- *UNDP Global Climate Public Finance Review*
- *Budgeting for Climate Change: A Guidance Note for Governments to Integrate Climate Change into Budgeting*.

In partnership with the Ministry of Agriculture, Mongolia, UNDP's SCALA programme is scheduling a training workshop in March 2025 to strengthen domestic climate financing processes in the agriculture and land use sectors with a gender and inclusion lens. The workshop will train senior officers across key ministries and agencies in practical knowledge in applying inclusive and gender responsive climate finance principles, and will facilitate inter-sectoral coordination.

A UNDP project in Zimbabwe, funded by the Green Climate Fund, empowered women in the drought-prone region of Southern Zimbabwe. Climate change disproportionately impacts women in this region as they often lack land ownership and decision-making power. This project focused on inclusive, climate-smart agriculture and gender-responsive financing. It provided access to solar-powered irrigation systems, climate-smart agriculture training and market access platforms, enabling women farmers to move from basic farming to climate change resilient and market-oriented agriculture.

The project benefitted 420,000 farmers, more than half of them women, across 15 districts, with over 45,000 women farmers practicing conservation agriculture techniques. The project also promoted women in leadership through Irrigation Management Committees. By addressing women farmers' specific needs, the project demonstrated the effectiveness of gender-responsive financing in building climate resilience and promoting gender equality.

5. Experiences and lessons learned in designing and financing country-driven sustainable farming practices tailored to country-specific needs and priorities.

Country-driven sustainable farming, tailored to local needs and priorities, is essential for effective climate change solutions in the agriculture sector. The agri-food sector faces unique challenges and

opportunities in each country, so individual approaches are required. Analyzing food and value chain systems helps identify sustainable farming practices, and also their role in the whole value chain to foster sustainability practices.

To address climate-related challenges in the agriculture sector plaguing the 'Cattle Corridor' in Uganda, the Ministry of Agriculture, Animal Industry and Fisheries teamed up with FAO and UNDP. SCALA designed an assessment combining FAO's Self-evaluation and Holistic Assessment of climate Resilience of farmers and Pastoralists (SHARP+) tool and the UNDP-FAO Value Chain Analysis Toolkit applying it to the highly vulnerable cattle corridor. Six local district governments used this to identify climate-related hazards for farming systems, as well as socio-economic causes of vulnerability and climate risk. District-level stakeholders including women and private sector actors were consulted for local transformative adaptation solutions to enhance the resilience of smallholder farming communities. Priorities emerging for transforming these systems included: resilient fodder production with forage processing to improve availability along dry periods; and improved refrigeration for enhanced conservation of milk and diversification in less perishable products such as yoghurt. These solutions are expected to improve profitability and resilience of farmers and processors, and maintain a stable supply of goods to food markets.

A project funded by Green Climate Fund in Colombia supported indigenous women to establish agro-biodiverse home gardens incorporating scientific and traditional knowledge, with a methodology for innovation in locally-based agriculture. This increased the sense of ownership of sustainable local agriculture that is adapted to local ecosystems and culture.

Key lessons emphasize the need for holistic climate vulnerability assessments and value chain analysis, strong local ownership and stakeholder engagement (especially with women and marginalized groups), the effectiveness of value chain approaches for inclusive solutions, context-specific and market-driven adaptation priorities, and multi-stakeholder collaboration.

6. Integrating climate-resilient and science-based adaptation strategies into agricultural and food systems policies, national development strategies and national climate and investment plans.

To achieve their climate targets and transform agricultural and food systems countries need to mainstream climate change across all sectors. It is also crucial that countries ensure that the agriculture sector, which in many developing countries covers 25% of the GDP and 60% of their labor force addresses climate risks and reduces its carbon intensity.

To enhance the value of NAPs, UNDP and FAO helped establish partnerships between sectors for adaptation planning and budgeting within governments from 2015-2020 through the Integrating Agriculture into NAPs programme (NAP-Ag). Now the joint SCALA programme supports 12 participating countries to implement their climate action plans, enhancing governance mechanisms through multi-stakeholder participation and capacitating institutions implementing NDCs and NAPs to integrate agriculture and land use priorities in planning, budgeting, monitoring and reporting. Examples include:

- *Assisting to draft the Climate Change Priority Action Plan for the Agriculture, Forestry and Fisheries Sector (2023-2030) in Cambodia.*
- *Supporting the integration of climate change in the Agriculture Development Strategy in Nepal*
- *Formulating the revised Climate Change Action Plan on Agriculture and development of a progress tracking framework in Thailand.*
- *Training local government planners to integrate transformative climate actions into district level plans in Uganda.*

7. **Fiscal instruments, incentives and regulation and multi-sectoral policy coherence and coordination as means to support, incentivize and enhance sustainable agricultural production.**

The use of fiscal, regulatory and policy instruments to align public budgets with transformative climate solutions in agriculture and food is key to drive both domestic public finance and private finance. Some approaches to mainstream climate change in budgeting include medium-term budgeting frameworks, climate budget expenditure tagging and climate-sensitive public investment management. To mobilize private finance, appropriate policy frameworks and regulatory mechanisms can foster innovative financing solutions such as green bonds, blended finance, risk financing etc.

Private sector engagement in climate adaptation faces barriers such as high upfront costs, lack of access to finance, insufficient awareness of climate risks, and limited capacity to implement climate-smart solutions. Risks include policy uncertainty, fragmented regulatory frameworks, and weak multi-sectoral coordination, which deter long-term investments. Addressing these challenges requires fiscal instruments like tax incentives, subsidies for climate-smart technologies, and de-risking measures such as guarantees, concessional loans and targeted policy measures aimed at improving the enabling environment for private sector engagement.

In **Costa Rica**, the Government introduced a certification scheme for deforestation-free beef production, to make their products more attractive to environmentally conscious consumers and investors and to reduce reputational risks for producers. SCALA supported the piloting of this technical standard for deforestation-free beef in the Brunca region that supports sustainable livestock, pastureland, and soil management. SCALA worked closely with farmers to develop plans to meet the certification standard and is now collaborating with the national livestock federation CORFOGA to scale up the pilot certification scheme nationally.

A national market study, including interviews with producers, processors, distributors, and consumers, revealed significant demand for differentiated, sustainably produced beef, but also highlighted key barriers: the need for better pricing for producers and a transparent, recognizable system that extends beyond the farm to the final product. This deforestation free beef certification scheme in Costa Rica is supposed to increase the adoption of sustainable livestock practices, reduce deforestation, improve market access and reduce reputational risks for Costa Rican beef producers, enhance consumer trust, and potentially increase profitability through better pricing mechanisms.

8. **Access to finance for sustainable food systems and agriculture**, **including public sources, national and international financing, as well as private sources, including from agribusinesses, private banks and impact investors**. *(combined with responses to point 9 and 11)*

Sustainable food systems and agriculture depend on access to finance to enable investments in climate smart technologies, and practices. This requires a blended finance approach that aligns public funding, private investments and national, and international funding source

This is exemplified by SCALA's Private Sector Engagement strategy Access to concessional finance supports farmers' and SMEs' engagement in climate-smart value chains. Partnership between the banking system and technical expertise brought by UN agencies can open new opportunities in accessing these complex resources. Tailored solutions such as green bonds, climate-smart agricultural loans, insurance schemes, and digital financial platforms are crucial for overcoming barriers like limited collateral, market volatility, and high transaction costs. These instruments also incentivize the adoption of climate-resilient practices and technologies.

For example, in Zambia, informed by studies on market demand and the return on investment for adaptation measures, UNDP and national financial institutions support access to finance for

smallholder farmers through a concessional loan facility. With contributions from industrial water users, UNDP helps establishing a payment for ecosystem services mechanism for a catchment-based environmental trust fund. This fund will safeguard ecosystem-based services for a sustainable agricultural production. These approaches show how innovative financial solutions can address systemic challenges while fostering resilience and environmental sustainability.

UNDP is also engaged in the Transforming Financial System for Climate project in Egypt through financing from the Green Climate Fund and the French Development Agency. UNDP supports the Government of Egypt and farmers with:

- *Better access to transformative finance through climate smart agriculture loans with national banking institutions; and*
- *Tailored technical assistance to develop an MRV system for climate policies and help the government in designing the administrative architecture of its climate change unit.*

This project is the first of its kind using GCF resources blended with bilateral funds to engage national banking institutions in Egypt to support adaptation investment loans for farmers and SMEs, while also working with the Government on greening the domestic institutions through the creation of climate change units and climate policy monitoring tools and capacities.

[1] *https://www.weforum.org/stories/2024/09/blended-finance-drive-climate-solutions/#:~:text=Nature%20and%20Climate-,Blended%20finance%20connects%20interests%20across%20the%20capital%20stack%20to%20achieve,by%20leveraging%20private%20sector%20investment.*