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Matters relating to finance

Matters relating to the Standing Committee on Finance

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Matters relating to finance

Matters relating to the Standing Committee on Finance

Report of the Standing Committee on Finance

Addendum

Forum of the Standing Committee on Finance

Summary

This document contains a summary of the 2025 Forum of the Standing Committee on Finance, on accelerating climate action and resilience through financing for sustainable food systems and agriculture, held in Rome from 8 to 9 September. It captures the key discussions on financing sustainable food systems and agriculture, including on understanding interlinkages and regional contexts; strategies for scaling up finance and advancing climate action and resilience; strengthening policy coherence; identifying sources and instruments for long-term investment; and building institutional and technical readiness to access finance effectively.



Abbreviations and acronyms

AI	artificial intelligence
COP	Conference of the Parties
CPI	Climate Policy Initiative
DAE	direct access entity
FAO	Food and Agriculture Organization of the United Nations
GCF	Green Climate Fund
GEF	Global Environment Facility
MRV	measurement, reporting and verification
NAP	national adaptation plan
NDC	nationally determined contribution
OECD	Organisation for Economic Co-operation and Development
SCF	Standing Committee on Finance
SIDS	small island developing State(s)
UNDP	United Nations Development Programme

I. Introduction

A. Mandate

1. COP 17 decided that the SCF shall assist the COP in exercising its functions with respect to the Financial Mechanism by, inter alia, organizing an annual forum to facilitate the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence.¹
2. SCF 32 agreed that the topic of the 2025 SCF Forum would be accelerating climate action and resilience through financing for sustainable food systems and agriculture. COP 28 welcomed the topic² and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its fifth session, affirmed the decision of the COP.³

B. Proceedings

3. Ahead of the Forum, the SCF launched a call for inputs on the 2025 Forum from interested stakeholders. In response, 30 submissions were received from Parties and groups of Parties, United Nations entities, non-governmental organizations, private sector entities and UNFCCC constituted bodies and constituencies.⁴
4. The 2025 SCF Forum took place from 8 to 9 September in Rome, hosted by FAO. Around 220 participants representing national and subnational governments, multilateral and national development banks, international and regional organizations, civil society, academia, farmers and Indigenous Peoples organizations, and the private sector attended the Forum.
5. The Forum opened with welcoming remarks by the Co-Chairs of the SCF and the Director of the Office of Climate Change, Biodiversity and Environment of FAO, who underscored the importance of aligning climate finance with the transformation of agriculture and food systems towards achieving the goals of the Paris Agreement and the 2030 Agenda for Sustainable Development, and highlighted the critical role of finance in achieving security, resilience and sustainability of agriculture and food systems in the face of growing climate risks.
6. Over the two days of the Forum, financing for sustainable food systems and agriculture was addressed in five sessions on the following themes:
 - (a) Understanding interlinkages and regional contexts in relation to climate, agriculture, food systems and food security;
 - (b) Scaling up finance for sustainable food systems and agriculture towards advancing climate action and resilience and global food security;
 - (c) Strengthening policy coherence and linkages;
 - (d) Leveraging financing sources and instruments for long-term investments in sustainable food systems and agriculture;
 - (e) Building readiness and capacity for accessing finance for sustainable food systems and agriculture.
7. The following modalities were used at the Forum:
 - (a) Plenary sessions, including scene-setting presentations and panel discussions aimed at stimulating further discussion among participants;

¹ Decision [2/CP.17](#), para. 121(a).

² Decision [5/CP.28](#), para. 12.

³ Decision [9/CMA.5](#), para. 1.

⁴ The call for inputs and submissions are available at <https://unfccc.int/event/2025-forum-of-the-standing-committee-on-finance>.

- (b) Breakout group sessions, including case study presentations, aimed at facilitating in-depth discussion for participants to share insights and lessons learned;
 - (c) Report-back sessions on the outcomes of the breakout group discussions;
 - (d) Networking opportunities at side events organized under the Food and Agriculture for Sustainable Transformation Partnership initiative and the pre-launch of the Resilient Agriculture Implementation for net Zero land degradation action agenda initiative of the incoming COP 30 Presidency;
 - (e) An immersive digital exhibit presenting compelling stories of climate finance in action and a series of animated infographics capturing global data and key messages to highlight the real-world impact of climate finance.
8. The programme for the Forum, biographies of speakers, presentation slides and webcast links are available on the Forum web page.⁵

II. Summary of discussions

A. Understanding interlinkages and regional contexts in relation to climate, agriculture, food systems and food security

9. The scene-setting presentation highlighted that agrifood systems are highly vulnerable to climate impacts yet central to mitigation and resilience. They bear a large share of disaster losses, driving recent increases in food insecurity. Although emission intensity in the sector has declined over the past two decades, further reductions are needed to align with the Paris Agreement temperature goal.

10. The presentation highlighted three gaps in the context of transforming agrifood systems: (1) an ambition gap, as only about 40 per cent of agrifood system emissions are covered by specific mitigation measures despite broad NDC prioritization, leaving a large mitigation gap in relation to agrifood systems, equivalent to approximately 20 per cent of total global emissions;⁶ (2) an equality gap, as few NDCs explicitly address the differentiated vulnerabilities of smallholders, women, Indigenous Peoples and rural communities, who remain among the most exposed to climate risks and least able to access resources for building resilience; and (3) a finance gap, as the scale of climate finance directed to agrifood systems is significantly smaller relative to its mitigation potential. For example, since 2019 the share of climate finance reaching agrifood systems has fallen by approximately 50 per cent. Within that share, the livestock sector, which has high potential for reducing emissions and underpins food security in many countries, attracts only 2 per cent of global climate finance flows.⁷

11. Participants also heard that private sector climate-related investment in agriculture and food systems remains limited, underscoring the need for stronger incentives and risk-sharing mechanisms to crowd in investment. Only about 7 per cent of green bonds and 4 per cent of adaptation bonds target land-use or agrifood system activities.⁸ Barriers to mobilizing greater investment include high perceived risk, small transaction size, and limited data on climate-related risks and investment pipelines. Innovative mechanisms such as blended finance facilities, domestic green bonds, carbon funds and sector-specific taxonomies offer the potential to address these constraints. Carbon market approaches under Article 6 of the Paris Agreement could also generate new resources, and smallholders and farmers must be included as equal partners in designing these approaches.

⁵ <https://unfccc.int/event/2025-forum-of-the-standing-committee-on-finance>.

⁶ Zahedi K. 2025 SCF Forum – Session 1: Understanding Interlinkages and Regional Contexts Climate, Agriculture, Food systems and Food security. Available at https://unfccc.int/sites/default/files/resource/SCF%20Session%201_Scene%20Setting_Kaveh%20Zahedi%20share.pdf.

⁷ As footnote 6 above.

⁸ As footnote 6 above.

12. A country case study on a SIDS was shared to illustrate the interconnectedness of climate, agriculture and food security and the implications of geographic isolation and reliance on imports. The case study called for recognizing higher overhead and transaction costs in SIDS, improving policy coordination, regional cooperation and resource-sharing in the implementation of climate and agricultural investments, and tailoring national priorities to local solutions. International climate finance – including grants and concessional and risk-sharing instruments provided through multilateral mechanisms such as the GCF and the GEF – remains necessary for SIDS and other developing countries. Strengthening local institutions is essential to translating available financing into tangible results on the ground, and in many developing countries limited technical capacity and heavy reliance on costly external consultancies reduce the effectiveness of available resources.

13. Empowering farmers’ organizations and cooperatives is critical for inclusive climate finance. Smallholder farmers face constraints relating to land fragmentation, high lending rates, procedural requirements and low bargaining power. Aggregating the services of farmers’ organizations can enable collective uptake of climate-smart practices that improve productivity, resilience and environmental outcomes. Other solutions for increasing access include decentralizing finance, strengthening farmers’ organizations and using blended financing approaches to mitigate risk.

14. Public development banks play an important role in connecting governments and private investors to extend financial services into rural areas. A national development bank outlined measures for mobilizing domestic capital for developing climate-resilient agrifood systems, including issuing bonds, developing a carbon fund for early-stage solutions, supporting farmer producer organizations that aggregate smallholders, implementing watershed programmes, developing data systems for climate-resilient agriculture and developing a national green taxonomy.

15. Regional and South–South cooperation are increasingly important for building resilience and sharing knowledge. Examples discussed during the Forum included the memorandum of understanding between the National Bank for Agriculture and Rural Development of India and the Fiji Development Bank, signed in 2024 to promote South–South cooperation and climate-resilient agriculture, and ongoing collaboration among Pacific island States through the Pacific Islands Forum and the Pacific Community to enhance resilience and food security. These partnerships illustrate how exchanging expertise and policy experience helps countries tailor approaches to local contexts and strengthen access to international climate finance.

16. Participants discussed collaboration among climate, agriculture and finance ministries within integrated frameworks including linking NDCs, NAPs and development strategies to create the policy foundation for investment. Greater coherence of policies and institutional mandates enables countries to advance towards meeting the objectives of the Rio Conventions, as agrifood systems can simultaneously deliver gains for climate, biodiversity and land restoration. Furthermore, strategic investment in the areas of agroforestry, land rehabilitation and sustainable food systems can yield multiple benefits such as improving food and nutrition security, protecting ecosystems and strengthening livelihoods. Scaling up finance for these priorities – underpinned by consistent policy signals and strong local capacity for implementing and monitoring interventions – will be essential in order to turn global ambition into measurable progress towards the achievement of the goals of the Paris Agreement and the 2030 Agenda for Sustainable Development.

B. Scaling up finance for sustainable food systems and agriculture towards advancing climate action and resilience and global food security

17. This session focused on the critical role of finance in transforming food systems to make them sustainable, low-emission and climate-resilient while simultaneously enhancing global food security.

18. Agriculture and food systems were emphasized as indispensable to achieving global climate and development objectives. As one of the sectors most exposed to climate impacts, agriculture is at the core of both the adaptation and food security agendas. Participants

reiterated that, without substantial new and redirected financing, agriculture and food systems will remain a major source of emissions and vulnerability.

19. Some countries are developing integrated policy frameworks that connect agricultural transformation with broader national sustainability and climate objectives, as outlined in a country case study presented by Brazil. Coordinated by the Ministry of Finance of Brazil, the Plan for Adaptation and Low Carbon Emission in Agriculture (known as ABC+) demonstrates how mitigation and adaptation can be advanced through crop–livestock–forestry systems, with the Plan expected to result in the avoidance of around 1 gigatonne of carbon dioxide equivalent over 10 years (2020–2030). Participants noted that national planning should draw on Indigenous and local stewardship to ensure that policy and technological advances remain rooted in diverse territorial and cultural contexts.

20. Effective implementation of climate-resilient agrifood strategies requires finance tailored to diverse local contexts. Agricultural systems vary widely, and there is no single path to sustainability. Approaches range from scaling agroecology to improving existing production systems, supported by holistic landscape management.

21. A balanced focus on adaptation and mitigation in international climate finance was seen as vital. Scaling up adaptation finance in agriculture can contribute to protecting livelihoods, building resilience and reducing emissions, in line with Article 4, paragraph 7, of the Paris Agreement, which recognizes the mitigation co-benefits of adaptation actions. Scaled-up, transformative finance is required to unlock these synergies.

22. Public finance remains important for agricultural transformation. Many developing countries face high capital costs, limited fiscal space and increasing debt burdens, underscoring the need for grant-based resources. Public resources should be used strategically to catalyse private investment, de-risk innovation and create enabling environments for long-term transformation. According to the World Bank, governments collectively spend more than USD 600 billion annually on agricultural support, presenting a significant opportunity to repurpose existing expenditure towards climate-responsive outcomes.

23. Participants noted institutional and policy coordination is key to scaling up effective financing. In many countries, responsibilities for the agriculture, food, environment and finance sectors remain fragmented. Stronger coordination – often through finance ministries or intersectoral bodies – can improve efficiency and coherence of investment planning. Some participants identified reforming agricultural subsidies that undermine sustainability as identified as a major opportunity for redirecting public funds towards resilience-building and low-emission practices in the sector, supported by coherent fiscal policy and interministerial coordination.

24. Innovative financing mechanisms, including blended finance, climate–Sustainable Development Goal debt swaps, catastrophe bonds and parametric insurance, can help to manage risks, protect livelihoods and sustain adaptation gains. Examples include Brazil’s EcoInvest programme (National Program to Attract Investments for Ecological Transformation), aimed at mobilizing private and foreign capital for sustainable agriculture initiatives, and World Bank initiatives such as loans and guarantees with Banco do Brasil and Uruguay that link the provision of finance to methane emission reduction targets. These examples illustrate how environmental performance incentives can promote alignment of economic and climate goals.

25. Participants noted that such instruments can be linked to anticipatory action and early warning systems to provide pre-arranged protection before shocks occur. Though underused, these instruments were viewed as vital for long-term resilience. Participants underscored the role of farmers cooperatives and community intermediaries in ensuring equitable access and ownership, complementing the role of development finance institutions in mobilizing additional investment and enabling the scaling up of resilience measures.

26. Access to finance remains a central issue for smallholders, women, youth and Indigenous Peoples. Structural barriers such as limited collateral, insecure land tenure and high transaction costs restrict investment in sustainable practices. Participants drew attention to slow and complex procedures that hinder local access to finance. Farmers’ organizations

can aggregate collateral, facilitate credit and link producers to markets. Ensuring that instruments are clear and beneficial for farmers through transparent incentives and fair risk-sharing was also highlighted as key to lasting adoption.

27. Beyond access, discussions emphasized equality and participation. Indigenous Peoples, and local communities manage vast forests yet rarely receive direct finance. Some participants advocated for dedicated access windows, and others for intermediary channels. All agreed that finance must reach the ground predictably and transparently, reinforcing traditional knowledge and local ownership. Simplified procedures and inclusive design were seen as essential to both equality and effectiveness.

28. The discussions expanded on calls for stronger data and knowledge systems for climate-resilient agrifood investments, focusing on how MRV and performance metrics can build investor confidence in project quality and returns. Reliable data and reporting frameworks were highlighted as vital enablers for mobilizing investment. Some participants noted that robust MRV systems and marginal abatement cost data can help reduce risk, guide concessional finance and track progress. Brazil’s MRV protocols and the World Bank’s abatement cost database were cited as good practices. Enhanced MRV also supports cross-learning and South–South exchange on effective climate finance approaches.

29. Discussions mentioned the importance of predictable and long-term financing as essential to moving beyond project-based approaches. Establishing green banks, embedding adaptation targets in fiscal frameworks and developing country-led investment strategies can enhance stability and confidence. Participants also urged shortening approval-to-disbursement timelines to ensure responsiveness to changing agricultural conditions. Overall, the transformation of agriculture and food systems was viewed as a systemic pathway towards inclusive, low-emission and climate-resilient development.

30. Participants then held breakout group discussions, summarized below.

1. Tailoring finance to regional and local needs

31. The breakout group discussed how climate finance can be tailored to different regional and local realities relating to agriculture and food systems. Diverse contexts were discussed, including SIDS and the Sahel, highlighting the wide variation in needs and risk profiles, and agricultural models. Participants underscored the importance of flexible, predictable finance that is locally grounded and delivered inclusively, placing smaller producers at the centre of relevant decision-making and benefit-sharing.

32. Participants called for increased finance to local actors, including subnational governments, local institutions, cooperatives and Indigenous Peoples organizations, so they can act as implementation partners. Key barriers include information gaps, limited aggregation capacity and a lack of direct access. Grants and concessional instruments are appropriate where environmental and social benefits are generated.

33. A variety of promising instruments and approaches were identified: blended finance to de-risk private investment; context-specific risk-sharing mechanisms; results-based finance with methodologies tailored to agriculture; debt-for-climate swaps; catastrophe bonds; anticipatory and disaster-risk finance; parametric insurance; and procurement measures that stimulate sustainable supply chains. Strengthening local financial systems, extension services, training opportunities, technology access and land tenure were seen as essential complements to these financial tools.

34. Participants cited bureaucratic bottlenecks, fragmented mandates and weak pipelines of bankable, context-appropriate projects. Suggested responses include targeted capacity-building and readiness support, partnerships with intermediaries such as Indigenous-led funds and cooperatives, and establishing national green banks to mobilize private capital.

35. Participants stressed the need for stronger alignment between national climate and agricultural policies, such as in NDCs, NAPs and sectoral plans, anchored in local priorities through meaningful engagement. They called for enabling environments that enhance data, metrics and transparency without deterring investment. High debt levels, limited fiscal space and elevated capital costs were identified as key constraints, underscoring the importance of

non-debt-creating finance, repurposing environmentally harmful subsidies and implementing reforms that make sustainable investments more competitive.

2. Unlocking climate finance for scaled-up investments for sustainable agriculture and food systems

36. The breakout group discussion focused on how public and private finance can support shifts towards sustainable, resilient and low-emission agriculture and food systems. Participants identified institutional, policy and technical barriers that continue to constrain finance flows, including complex accreditation procedures for international funds, overlapping ministerial mandates, limited capacity to prepare bankable projects and weak coordination between climate and agricultural strategies. Agriculture remains underrepresented in climate finance portfolios, largely because it is perceived as high-risk and low-return, despite the significant adaptation and mitigation potential.

37. Participants emphasized that a stronger enabling environment is essential for investment, including predictable policy frameworks, reliable climate risks and soil productivity data, and food system indicators in finance strategies. Views differed on whether finance ministries should coordinate centrally or whether decentralization should empower local governments and farmers' organizations.

38. Discussions highlighted financial instruments suited to different contexts, such as blended finance to de-risk early-stage investments, results-based finance linked to measurable outcomes, green or resilience bonds targeting agrifood value chains, and guarantee or risk-sharing mechanisms to distribute risks equitably. Participants noted that debt-for-climate swaps and non-debt instruments could be valuable for highly indebted countries. Several participants, cautioning that current de-risking approaches often socialize risk while privatizing returns, called for more balanced partnerships and the establishment of national green banks to leverage domestic capital.

39. Participants discussed repurposing subsidies that encourage emission-intensive practices. Redirecting them towards climate-smart approaches can free fiscal space if transitional support and food affordability are maintained. Capacity-building and readiness support were seen as essential for scaling up climate finance for agriculture.

40. Participants stressed that climate finance must be inclusive and localized, reaching smallholders, women, Indigenous Peoples and youth through mechanisms they can access and control. Simplified proposal processes, recognition of customary land rights and participatory governance models were proposed to strengthen local ownership. Complementary instruments such as parametric insurance, anticipatory action funds and policies promoting public procurement of low-emission products were identified as tools for enhancing resilience and creating sustainable demand within agrifood systems.

C. Strengthening policy coherence and linkages

41. This session examined ways of strengthening policy and institutional coordination so that climate finance can be better aligned with sustainable food systems, agriculture and food security objectives. Climate change and food insecurity require integrated responses. Agriculture contributes about one quarter of global greenhouse gas emissions while sustaining the livelihoods of over 2.5 billion people, yet policy frameworks and financial flows often remain fragmented across sectors. Aligning climate, agriculture and food system policies is therefore central to advancing mitigation and adaptation, strengthening resilience and delivering multiple co-benefits for people and the planet.

42. Countries are increasingly embedding agriculture within national climate strategies. Many now integrate agricultural investment plans into their NDCs and NAPs, linking food system priorities with national climate and development agendas. The GEF and related multilateral climate funds have supported integrated programming in over 67 countries since 2014, demonstrating how programmatic approaches improve coherence between policy and finance. Participants discussed resource mobilization, including through non-market approaches such as those referred to in Article 6, paragraph 8, of the Paris Agreement, while

others questioned the equity and accessibility of carbon markets, calling instead for stronger reliance on domestic and grant-based solutions.

43. Institutional reforms are translating alignment into practice. In Nigeria, for example, agriculture and food systems have been elevated to the presidential level, with a coordination unit led by the Vice-President uniting ministries across sectors such as planning, finance, agriculture, environment, trade and industry. The unit works closely with the National Council on Climate Change, embedding environmental considerations into agricultural planning and budgeting. Such whole-of-government structures illustrate how high-level political commitment and cross-sectoral coordination can promote coherent and climate-resilient outcomes.

44. Participants noted that coherence depends on both institutions and participation. Progress in planning has often outpaced the finance available for implementation, creating a persistent gap between ambition and delivery. Countries are investing significant effort in coordination, yet climate finance flows remain insufficient in scale and predictability. To maintain integration, participants stressed the value of structured dialogue platforms that foster peer learning, share experience and translate national plans into consistent implementation. Transformational change requires matching ambition in planning with commensurate resources and institutional capacity.

45. Some participants identified a subsidy reform as a key lever for aligning public expenditure with sustainability objectives, alongside inclusive policy design that ensures that smallholder farmers, women, youth and Indigenous Peoples are represented at all levels. In Botswana and elsewhere, farmers' organizations help to bridge the gap between communities and governments, improving transparency and ensuring that finance reaches the grass-roots level. Data published by the OECD show that 54 governments collectively provided about USD 842 billion annually in agricultural support, but only 13 per cent was directed towards research, development and innovation, while most continues to reinforce production-linked measures that can worsen degradation and emissions.⁹ Redirecting these flows towards sustainable production and resilience is vital.

46. Reform, however, is politically sensitive and context-specific. In many settings, subsidies remain essential for sustainable development, livelihoods and food security, meaning that change must be nationally driven and socially balanced. Effective reform begins with comprehensive assessments that provide the evidence base for redesign, guided by strong political leadership and civil society engagement. Some participants called for a rapid repurposing of harmful subsidies, while others emphasized the importance of gradual transitions in fragile or low-income contexts. Examples such as the European Union's Common Agricultural Policy show that reform can be iterative and adaptive, integrating climate and environmental goals over time.

47. Research, innovation and knowledge are practical tools for operationalizing coherence. Instruments such as green budgeting help governments align public expenditure with climate and agricultural objectives, while analytical frameworks like the UNDP Biodiversity Finance Initiative and FAO–UNDP methodologies for repurposing agricultural support provide approaches to review subsidies and identify opportunities for redirection. Research institutions and science–policy interfaces generate evidence that makes aligned investment plans credible and bankable. Strengthening domestic research and development capacities remains essential, yet globally only one third of agricultural finance goes to research, which is an imbalance that requires greater national and international collaboration.

48. Recognizing and valuing traditional and Indigenous knowledge is important. Local agroecological practices often enhance soil and water resilience but remain undervalued in formal finance systems owing to limited validation frameworks. Integrating these community-based approaches into national strategies, with scientific validation, can expand climate action while respecting cultural and ecological diversity. Measures such as public procurement from family farmers, improving logistics and reducing food loss can make

⁹ OECD. 2023. *Agricultural Policy Monitoring and Evaluation 2023: Supporting Food Security and Nutrition*. Paris: OECD Publishing. Available at <https://doi.org/10.1787/7f4542bf-en>.

climate finance more transformative by linking supply and demand within integrated territorial systems.

49. Transparency and accountability are essential for demonstrating results. Tracking tools, results-based finance and multi-stakeholder monitoring can enhance credibility. National frameworks such as NAPs should anchor reforms so that fiscal measures and agricultural investments align with climate goals.

1. Aligning climate strategies and finance with agricultural policies for greater impact

50. The breakout group discussed how climate finance strategies can be aligned with agricultural and food security policies, including as part of NDCs, NAPs, national development plans and other plans. Discussions centred on integrating financial mechanisms, institutional coordination and participatory governance to enhance impact on the ground. Embedding investment plans for the agriculture sector within national climate strategies is essential for resilience and sustainability. Participants emphasized the need to mainstream agriculture in climate finance frameworks and explore innovative funding approaches, including non-market mechanisms under Article 6, paragraph 8, of the Paris Agreement.

51. Strong institutional coordination is critical to moving from fragmented projects to coherent, country-driven approaches. Participants called for a shift to policy-based financing to reinforce national ownership and systemic transformation. They noted that policy alignment must be inclusive, engaging Indigenous Peoples, local communities, civil society and the private sector to ensure policies are legitimate and actionable. Structured dialogue platforms, such as national climate conferences and multi-stakeholder forums, were proposed for improving coordination, accountability and knowledge-sharing.

52. While many countries have made progress in policy coherence and whole-of-government planning, participants noted that this is not the only pathway to achieving effective climate action. Climate strategies must ultimately respond to each country's unique circumstances, priorities and capacities. Financial flows have not kept pace with the level of strategic alignment achieved, risking disincentives for maintaining integrated approaches. Enhanced collaboration between finance and planning ministries was encouraged, where possible and as appropriate, to diversify funding sources and link climate finance with broader national development priorities. Participants stressed the importance of recognizing locally driven innovation and traditional knowledge, which are often excluded from formal financing mechanisms owing to narrow criteria for validating projects.

53. The discussions highlighted persistent institutional and sectoral silos, particularly between agriculture and environment ministries, that hinder cross-sectoral cooperation. Participants called for stronger collaboration with research institutions and universities to generate the data, analytics and evidence needed to design and implement bankable, integrated projects. They emphasized the need for horizontal coherence across climate, biodiversity and land degradation agendas, advocating for integrated national planning and budgeting processes that deliver multiple environmental and social benefits.

54. Inclusive governance and shared ownership are essential. Regular consultations with civil society, farmers and Indigenous Peoples, and financing criteria that consider social and environmental co-benefits alongside economic outcomes, can support a lasting impact.

2. Repurposing public support and subsidies for sustainable food systems and agriculture

55. The breakout group discussed the challenges and opportunities of reforming agricultural subsidies and enhancing public incentives to promote sustainability, resilience and equity. The discussions highlighted both the sensitivity and urgency of such reform. Participants acknowledged that, while subsidies are vital for food access and affordability, they can also lead to market distortions and increased emissions. Although political leadership was deemed essential, participants agreed that reforms cannot follow a one-size-fits-all model. In contexts affected by conflict, water scarcity or poverty, some subsidies remain critical for survival, including for sustainable development in developing countries. Many participants emphasized that national sovereignty must be respected and reforms should not become externally imposed conditionalities.

56. Several participants noted that not all subsidies are harmful; in food-insecure contexts, they provide essential safety nets. However, environmentally damaging subsidies must be progressively repurposed towards meeting climate and food system goals. Participants called for context-specific, outcome-based approaches and clear exit strategies for temporary schemes. Some countries have already moved away from subsidies. Some participants noted the impacts, including adverse impacts, that fiscal and border policies can have on other countries, including on developing countries.

57. Reforms should align with the Paris Agreement and be adapted to local realities rather than serve as box-ticking exercises. The discussions highlighted the link between policy reform and business investment, with subsidies viewed as signals that can influence investment and innovation. The European Union’s Common Agricultural Policy was cited as an evolving model that integrates consideration of both environmental and climate goals. Investing in local research and farmer-led ecological alternatives was seen as central to ensuring sustainable transitions, summarized by the call to “give ecology a chance”.

58. Accountability and credibility emerged as priorities. Participants stressed the importance of nationally determined solutions, including through NAPs and other plans, while also recognizing the value of multilateral frameworks for comparison, transparency and shared learning.

59. Looking ahead, participants proposed practical pathways for action in this regard. These include assessing the scope of harmful subsidies, introducing voluntary and mandatory reform instruments and fostering enabling environments backed by political will. Public procurement was highlighted as a lever for promoting sustainable production, while private financial institutions could embed environmental standards in lending. Participants also emphasized the critical role of civil society in raising awareness, informing consumers and sustaining political momentum, ensuring that repurposed public support advances fair, resilient and climate-aligned food systems.

D. Leveraging financing sources and instruments for long-term investments in sustainable food systems and agriculture

60. Discussions at this session focused on the practical architecture of financing, including how financial instruments, partnerships and institutional mechanisms can be used to translate commitments into results. Participants examined how both the scale and quality of investment flows must increase to drive transformation, emphasizing co-investment, co-design and long-term engagement among governments, development partners, farmers and the private sector.

61. Agriculture is among the sectors least served by climate finance, receiving under 4 per cent of tracked international flows, despite accounting for approximately one quarter of global emissions and supporting the livelihoods of over 2.5 billion people.¹⁰ Small-scale family farmers, who produce over 80 per cent of the world’s food, receive only 0.3 per cent of international climate finance.¹¹ This gap reflects not only insufficient funding but also systemic barriers, such as high transaction costs, complex procedures and weak delivery channels, preventing finance from reaching those already implementing climate solutions.

62. Some participants called for a shift from project-based to programmatic, long-term finance aligned with national priorities. Agricultural transformation requires predictable, multi-year investment that de-risks innovation and supports the adoption of climate-smart practices by smallholders, who are often asset-rich but cash-poor. Public policy and finance were viewed as vital for sharing risk and crowding in private capital, and approaches must

¹⁰ CPI. 2023. *Global Landscape of Climate Finance 2023*. London: CPI. Available at <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/>; FAO. 2014. *The State of Food and Agriculture 2014: Innovation in family farming*. Rome: FAO. Available at <https://www.fao.org/3/i4040e/i4040e.pdf>.

¹¹ CPI (2023); FAO and International Fund for Agricultural Development. 2019. *United Nations Decade of Family Farming 2019–2028: Global Action Plan*. Rome: FAO. Available at <https://www.fao.org/documents/card/en/c/ca4672en>.

remain context-specific, reflecting diverse agroecological and social realities. Participants cautioned that uniform models risk overlooking local innovation and traditional practices that already strengthen resilience.

63. The concept of co-investment emerged as a unifying principle. Farmers are already the primary investors in agricultural adaptation and mitigation; public and international resources should therefore complement, not be a substitute for, their efforts. Government contributions to interest payments on agricultural loans or targeted subsidies for resilience-building were viewed not as aid but as co-investments, recognizing farmers as equal partners in climate action and shifting from a donor–recipient model to one of shared responsibility.

64. Innovative finance was highlighted as a potential source for bridging risk and trust gaps. Blended finance facilities, concessional loans, guarantees and green credit lines can channel finance into smallholder systems. The collaboration between the GCF and the dairy sector exemplifies this approach: by taking the riskiest tranche, the GCF catalysed private sector participation and co-financing within its USD 2.3 billion agriculture portfolio. Such structures demonstrate how limited public resources can leverage larger private flows for transformative impact.

65. In addition to concessional approaches, results-based payment mechanisms were proposed for overcoming accreditation and access bottlenecks. By rewarding verified outcomes rather than pre-financing inputs, they simplify procedures for small actors. The clean development mechanism – with over 8,000 projects registered as part of efforts to meet emission reduction targets under the Kyoto Protocol – was cited as evidence of scalable programmatic delivery. New non-market instruments under Article 6, paragraph 8, of the Paris Agreement, including the African Development Bank’s Adaptation Benefits Mechanism, can similarly reward adaptation results that are not otherwise monetized.

66. Institutional reform was seen as critical to ensuring efficiency. The GCF 2024 accreditation reform is aimed at reducing procedural delays and strengthening direct access by allowing phased partnerships and deploying readiness support earlier in the process. Greater regional presence and closer coordination with national designated authorities are expected to accelerate project delivery, addressing current lags that can exceed two years between approval and implementation.

67. Participants highlighted national coordination mechanisms as another bottleneck. In the Philippines, for example, three departments, namely the Departments of Finance, Development and Agriculture, jointly manage official development assistance, often resulting in multi-year delays. Streamlining such processes and aligning domestic and international finance channels were viewed as prerequisites for timely deployment and greater national ownership.

68. Domestic fiscal innovations, including green budgeting, sovereign green bonds, ‘polluter pays’ levies, climate debt swaps and earmarked taxes, were cited as tools for expanding public resources. Countries are exploring ways to channel special drawing rights through development banks for agriculture. Addressing land tenure constraints, such as enabling farmers to use lease agreements as collateral, was seen as crucial for unlocking credit. Moreover, stronger social protection and safety nets remain vital for smallholders and landless farmers. For example, Brazil’s requirement that schools procure 30 per cent of their food from family farmers illustrates how fiscal measures can be used to simultaneously secure markets, strengthen livelihoods and build resilience.

69. Participants recognized partnerships as the operational foundation of effective financing. The complexity of agrifood value chains requires collaboration across sectors and scales, from farmers and cooperatives to governments and investors. Co-construction ensures mutual accountability and alignment with local priorities. A USD 50 million GCF-funded project in Kenya, co-designed by Kenyan and European farmers’ organizations with FAO as the accredited entity, was cited as a model for inclusive, multi-actor partnerships generating locally owned outcomes.

70. Views among participants differed on the appropriate balance between government leadership and farmer-level access. Some participants emphasized that government coordination remains essential for aligning financing with national priorities, while others

cautioned that excessive centralization can slow delivery and limit direct access by farmers' organizations. These perspectives underscored the need for institutional arrangements that are both nationally driven and locally empowering.

71. Farmers' organizations and cooperatives were seen as pivotal intermediaries, aggregating demand, lowering transaction costs and strengthening bargaining power, yet many lack administrative capacity to manage complex reporting. Participants called for harmonized MRV systems to reduce 'reporting fatigue' and redirect human resources towards implementation. Strengthened data systems and traceability tools can improve accountability, market access and climate certification.

72. Some participants emphasized cross-sectoral collaboration for maximizing synergies and avoiding siloed investments: integrating agricultural considerations with water management and renewable energy deployment can enhance productivity and resilience while advancing mitigation goals. Likewise, coordination among the agriculture, climate and health sectors was seen as critical for ensuring that food system resilience supports broader well-being objectives. Views among participants diverged on transparency requirements; while robust disclosure frameworks were deemed essential for accountability and investor confidence, excessive administrative reporting requirements tied to climate finance access were said to overburden developing countries. Aligning MRV systems with existing standards, rather than creating new ones, was recommended in order to balance transparency with practicality.

73. The session also addressed financial risk and debt stress in climate-vulnerable economies. Linking debt-relief mechanisms with verified climate losses was suggested as one way of addressing systemic vulnerability. Without preventive investment, interconnected risks across food, water and energy systems could escalate into broader instability. Participants argued that timely, risk-informed planning and debt forgiveness in cases where disasters destroy productive assets are both ethical and economically prudent responses.

74. Overall, discussions converged on the understanding that transforming agrifood systems requires not just new financial instruments but also new relationships. When farmers, Indigenous Peoples, and local communities are treated as co-investors and equal partners, finance becomes a shared endeavour that supports both climate resilience and equitable development. Scaling co-investment, de-risking and partnership models will be essential to mobilizing long-term, sustainable investment in agriculture and food systems.

1. Leveraging public and private sources for mobilizing scaled-up investments

75. The breakout group discussed how to mobilize public and private finance to scale up investment in sustainable food systems and agriculture. Participants noted that sustainable financing requires strong foundations of inclusion, governance and innovation. Local communities, especially women and youth, must be central agents of change, not just beneficiaries. Lack of access to land was identified as a key barrier to finance, with examples such as India's land-leasing model showing how temporary leases can serve as collateral. Financing reforms could therefore address land tenure and ownership to ensure equitable access to credit and investment.

76. Participants highlighted the potential of innovative financing mechanisms to expand available resources for climate and agricultural investments. Some proposals include applying the 'polluter pays' principle through emission levies, redirecting revenues towards adaptation and using tools such as climate debt swaps and green budgeting to improve transparency in public spending and tracking of climate-related investments. Development banks were seen as pivotal, particularly through the strategic use of special drawing rights to enhance climate finance flows. However, initiatives should be embedded in long-term national strategies to avoid short-term projects that fail to build institutional and local capacity or self-sustaining systems.

77. Strengthening resilience and diversification across food systems was a recurring priority. Participants advocated for diversified production, including through agroecology, regenerative agriculture and mixed cropping, to reduce vulnerability to climate and market shocks. They warned that structural weaknesses could trigger systemic collapse and called for targeted investments in fragile areas. Social safety nets for landless farmers were viewed

as essential to sustaining livelihoods. Examples from Yemen illustrate how context-specific approaches can maintain agricultural activity in crisis settings.

78. The policy and institutional enablers needed to attract and deploy finance effectively were also discussed. Aligning national policies with NDCs, NAPs and other plans was seen as crucial to signal investment priorities, while robust monitoring and reporting systems can strengthen credibility. Many participants noted that global models often overlook local realities, emphasizing the need for context-specific enabling environments that span infrastructure, markets, risk management and insurance and fully integrate smallholders and Indigenous communities.

79. Participants also called for combining domestic public resources with international and private finance, where possible, through de-risking instruments. Examples such as Brazil's school procurement policy – requiring purchases from family farmers – showed how policy can stimulate local markets. Greater coherence across the food, agriculture, climate and health sectors, supported by cooperation among governments, development banks and civil society, was seen as key to building an inclusive, resilient and scaled-up financing ecosystem for sustainable food systems.

2. Leveraging partnerships and innovation for equitable and scalable solutions

80. The breakout group discussed how diverse partnerships and financial innovations can mobilize long-term investment tailored to local needs. Effective partnerships are essential for building equitable, scalable solutions for sustainable food systems. Participants emphasized co-construction and co-financing, ensuring that governments, farmers' organizations, development agencies and financial institutions shape initiatives. A case study in Kenya, supported by GCF funding, illustrated how inclusive collaboration among national and international stakeholders can deliver impactful results.

81. A key message is the importance of government leadership and alignment with national priorities, while recognizing that approaches should also enable direct access for farmers and their organizations. Cooperatives can aggregate smallholders, lower transaction costs and improve access to markets and finance.

82. Participants stressed that farmers must be at the centre of partnership design and financing instruments. While climate objectives are vital, agriculture remains a core economic and social livelihood system. Financing must therefore reflect farmers' realities, supporting profitability, stability and resilience. Without meaningful farmer participation, only a small share of funds is likely to reach those most in need.

83. Persistent barriers, particularly insecure land tenure and lack of collateral, were identified as constraints to finance. Examples of innovative land-leasing models and proposals such as climate debt swaps and green budget tagging were shared. Social safety nets for landless and vulnerable households were deemed necessary to ensure equitable participation. Overcoming perceptions of high adaptation risk is crucial to attracting private investment, requiring fair risk-sharing and blended finance that reward measurable outcomes.

84. Participants noted the value of partnerships spanning the full value chain and bridging public and private sectors. International cooperation and cross-sectoral collaboration, especially with the water and energy sectors, were viewed as critical for innovation and climate-smart agriculture. Governments were called on to de-risk investments, build capacity and strengthen extension services. Public funding was recognized as a key catalyst for adaptation, resilience and innovation, particularly when it mobilizes private finance and strengthens long-term, farmer-centred partnerships.

85. Finally, participants reflected on balancing transparency with administrative efficiency. While accountability is essential, excessive administrative reporting requirements tied to climate finance access can burden developing countries.

E. Building readiness and capacity for accessing finance for sustainable food systems and agriculture

86. The concluding session examined how institutional and technical readiness enables countries to translate climate finance commitments into results. Participants noted that readiness requires strengthening institutions, governance, knowledge and trust so that finance can be accessed and deployed effectively. It is about building systems that deliver climate benefits for smallholders, Indigenous Peoples, women, youth and local communities.

87. National readiness must span the full project cycle, yet many countries lack capacity to prepare robust proposals or articulate climate rationales. Strengthening skills in proposal design, feasibility analysis and performance tracking, supported by sustained budgets and long-term training, is essential.

88. Participants stressed that readiness must be institutionalized. Overreliance on consultants yields short-term outputs and weakens institutional memory. While external experts can bridge gaps, ownership and continuity depend on stable national staffing. Examples from the Climate Investment Funds and the GEF showed that annual administrative allocations help retain expertise, while reimbursement-based models delay capacity-building. Financing structures supporting core teams and skills transfer were recommended.

89. Governance and coordination are key readiness priorities, given overlapping mandates across ministries. National coordination mechanisms and single project registries can clarify roles and improve transparency. Value chain development and local procurement can also stimulate private sector growth and ownership.

90. Coordination challenges among international climate funds, including overlapping reporting and verification requirements, strain capacity, especially in smaller institutions. Strengthening mutual reliance and streamlining procedures can enhance efficiency. A strategic national vision, led by a coordinating body, can align actions and attract finance. Integration across the humanitarian–development–climate nexus can strengthen prevention, adaptation and resilience.

91. Local readiness is equally vital. Access and delivery capacities must extend to the subnational and community level. For some participants, readiness is most effective when designed from the ground up, through co-design among authorities, local stakeholders and community actors. While some participants favoured standardized frameworks, others emphasized context-specific approaches rooted in local realities. Readiness must be localized, inclusive and informed by community knowledge.

92. Examples from developing countries from across the world, including from the Arab States and other regions, showed that many proposals remain below investment grade, highlighting the need to strengthen readiness for bankability. Dedicated national climate finance units were cited as good practice, serving as hubs for proposal development and fund engagement. A coffee project in Honduras demonstrated how geo-located digital identification and open-source traceability platforms can verify compliance and enable access to climate-linked markets.

93. Community-based delivery models were recognized as critical for inclusive access. Many smallholders, women and Indigenous Peoples remain excluded by complex procedures. Local systems such as credit unions, cooperatives, savings groups and Indigenous councils were identified as trusted intermediaries that can channel funds effectively when linked to national systems through DAEs.

94. DAEs play a pivotal bridging role. Compared with multilateral intermediaries, they offer proximity to local actors and flexibility for small-scale risks. Strengthening their accreditation, resources and collaboration with community mechanisms was highlighted as crucial. The current dominance of loans over grants constrains access, reinforcing the need for concessional and grant-based windows. Governments and partners were encouraged to expand DAE capacity.

95. Digital public infrastructure and integrated data systems emerged as key enablers. Platforms linking meteorological, agricultural and financial data enhance transparency and monitoring. Examples include payments linked to digital identification and community-based systems in Yemen, extending inclusion through digital cash transfers. Low-cost MRV data validated by ground truthing was seen as essential for attracting private finance.

96. AI was discussed as a tool for generating and screening proposals. While automation can streamline processes, human oversight remains critical to ensure contextual accuracy. Building national capacity for responsible use of AI was identified as increasingly important.

97. Some participants noted the role of the private sector, emphasizing that micro-, small and medium-sized enterprises as the economic backbone in many developing countries. Inclusive mechanisms such as blended finance, public guarantees, concessional windows and national intermediaries can unlock participation. Long-term donor partnerships were highlighted by some participants for leveraging co-finance, supporting innovation and linking farmers to value chains.

98. Readiness in fragile settings was illustrated by Yemen, where adaptation programmes integrate humanitarian, development and climate dimensions. Simplified procedures, mobile data collection and community verification have enabled assistance to reach 1.5 million households, showing that readiness can be built even in unstable circumstances.

99. Readiness should be paired with systems to assess inclusion, environmental health and community resilience. Community-based models often begin with small grants or revolving funds before scaling up. Public guarantees, financial literacy and mentorship can support implementation. Indigenous-led and community initiatives illustrate how local agency fosters ownership and sustainability.

100. In conclusion, readiness was described as a long-term, multilayered process requiring coordination among governments, financial institutions and communities. It depends on steady investment in people, systems and technology that expand reach without excluding the vulnerable. Scaling finance without readiness risks inefficiency; with readiness, every dollar can deliver tangible results for resilience, livelihoods and climate action. Institutional and technical capacity are the bridges between global commitments and real-world transformation, ensuring that finance can be used to strengthen climate-resilient and inclusive food systems.

1. Strengthening institutional and technical capacities

101. The breakout group discussion explored structural and operational bottlenecks that limit countries' capacity to access and implement climate finance. Reliance on short-term consultants, restrictive procurement rules and uneven administrative budgets can undermine institutional memory and continuity. Reimbursement-based administrative funding strains agencies during long project-preparation periods, whereas annual allocations help maintain core teams. Sustained, predictable resourcing is essential for managing climate finance pipelines.

102. Institutional instability, including high staff turnover and political cycles, disrupts project continuity. Some participants stated that limited coordination across climate funds constrains the effective use of readiness windows such as those provided by the Adaptation Fund and the GCF. Participants proposed mutual reliance frameworks, cross-recognition of accreditation and streamlined co-financing to reduce duplication, accelerate access and strengthen collaboration among agencies.

103. Private sector engagement and technological innovation were discussed as tools to overcome capacity constraints. Engaging private actors in project origination and implementation was recommended, while safeguarding public-interest objectives. AI can support drafting and screening proposals, but human oversight remains critical to ensure context-appropriate results. Integrating digital tools alongside national expertise was identified as a readiness priority.

104. Enhancing the bankability of agricultural proposals requires addressing design, governance and coordination gaps. Measures include single project registries, dedicated

climate units and early co-design with stakeholders. Readiness should reflect local realities rather than uniform approaches.

105. Finally, participants underscored that capacity-building measures are cumulative and multilayered, including targeted training on project ideation, proposal design and climate rationale development, as well as long-term technical training on climate modelling. Improved coordination among UNFCCC bodies and the use of AI and other digital tools were also recommended. Enduring institutional teams, predictable resources, interoperable fund procedures and early co-design are as important as technical skills. Low-cost, passively collected MRV data validated by ground-truthing was cited as crucial for unlocking private finance and strengthening evidence-based project design.

2. Inclusive access and community-based delivery models

106. The breakout group discussed how national financial systems, including credit unions, local banks and community cash systems, can better channel climate finance to underserved groups. A key barrier is the disconnect between how smallholders articulate their businesses and how financiers assess risk. Institutions often focus on low-risk, easily serviced clients, leaving socially vulnerable farmers excluded despite a large latent market for inclusive climate finance. Addressing this gap requires mechanisms that translate local realities into bankable proposals and recognize the value of socially critical investments.

107. The discussions highlighted the contrast between traditional agricultural finance, which is often grant-based or concessional, and climate finance, where most resources are loans and on-lending rates can be prohibitive. Safeguards, monitoring and reporting obligations, while necessary for accountability, can overwhelm smallholders and create reputational risks for accredited banks, further disincentivizing investment in higher-risk but socially important clients. Participants recommended expanding the number and capacity of DAEs to operate locally within flexible risk frameworks and partner with community-level financial mechanisms.

108. Local mission and proximity were emphasized as engines of inclusion. Participants cited examples ranging from targeted funding windows in Senegal and youth livestock grants in Palau to women’s savings circles in Uganda and Indigenous-led funds in the Brazilian Amazon that allow communities to select their own projects. Some noted that effective designs should scale while remaining flexible, starting with export grants where legal structures are lacking, then building savings and credit cultures over time. Metrics of success should be holistic, encompassing social impact, inclusion, environmental health and resilience, rather than focusing solely on repayment rates.

109. Participants underscored that enabling conditions are necessary to support inclusive finance. Public guarantees and incentives can lower capital costs, while State-backed guarantees help de-risk private lenders. Respecting customary governance builds trust. Capacity-building for borrowers, lenders and regulators, including in financial literacy and proportionate compliance, can support effective participation.

110. Overall, participants reflected that inclusive access depends on meeting each community’s needs through DAEs, cooperatives and local finance actors, while aligning public policies and guarantees to attract private capital on affordable terms. Success is seen as local by design, measured against outcomes in terms of resilience, equity and social inclusion and supported by national coordination that reduces fragmentation and strengthens coherence across financial and governance structures.