

The ad hoc work programme on the new collective quantified goal on climate finance. Response from the Farmers' Constituency (6 February 2023)

The Farmers' Constituency represents crop and livestock farmers, horticultural growers, pastoralists, foresters, aqua-culturists, farmers organisations and co-operatives, farm workers, family farmers and businesses, women farmers and the farmers of the future, indigenous farmers, landowners and tenants, in all their diversity producing food, fibre and energy, from the smallest smallholder farmers to those managing large areas of land and including agricultural and other NGOs supporting farmers on the ground.

Agriculture is on the frontline of climate impacts and is unique in being both a source and sink of GHG emissions. Agriculture and its people are central to climate action and delivering the Paris Agreement's goals. Agriculture is part of the solution.

We thank the co-chairs for the opportunity to submit our views on the new collective quantified goal on climate finance (NCQF) and on possible topics for the Fifth Technical Expert Dialogue.

Our input to this call

A significant increase in climate finance investments in agriculture and forestry, and improved access to direct finance to farmers is critical when climate change is already affecting all four pillars of food security. This requires discussion on the following:

- How enhanced action on agriculture and forestry in NDCs should be **actively encouraged and facilitated by the financial instruments under the Convention** such as the Green Climate Fund.
- How essential finance for farmers is increased for **adaptation and resilience**, as well as for Loss and Damage. Key gaps in strengthening the capacity of rural businesses and livelihoods to cope with and bounce back from climate and other risks including the restoration of farmland affected by extreme climatic events must be identified:
 - Adaptation activities and investments which may negatively impact producers' income need incentive mechanisms and grant funding.
 - Farmers need timely financial support to promptly make up for short-term income losses including sufficient insurance to implement adaptation strategies.
- Improving farmers' access to finance for **mitigation** as this is vital to supporting a transition with innovative production and harvesting methods which meet farmers' needs and reflect local and national circumstances that would allow the sector to increase sustainability, carbon sequestration, and build resilience to future shocks.
- Why **only about 2% of global climate finance is invested in agriculture-related sectors**. The reasons for this must be understood and this imbalance must be addressed. No sector should receive significantly less climate finance than the sector's attributed climate change effect.
- Given the sector's diversity, ensuring that **financial interventions must be customised**. This means access to grant mechanisms based on a thorough knowledge of the sector that align with farmers' unique needs and capacity of contributing successful local solutions. Farmers' organised structures and agricultural NGOs are best positioned to provide this expert input and are therefore integral to the successful delivery of projects and programmes. Farmers, through their organised structures, should be direct recipients of grants, established as co-owners of projects and not only as beneficiaries, and consequently will be able to accompany governments' action in the implementation of the agenda on climate.

- Policy support is needed to **incentivise financial institutions to provide loans and credit to farmers** with the fair use of collateral.
- **Procedures to access climate finance** must be simplified, addressed in a timely manner, and the accessibility, availability and predictability of support significantly improved.
- **Blended finance** (public and private sector). For example, sharing experiences could identify robust opportunities to significantly unlock innovations and the vital role of farmers in the management and delivery of nature-based solutions.

The Farmers constituency would welcome the opportunity to share its experiences and its views further should the in-depth discussion at the fifth technical expert dialogue seek to address these issues.