



Joint submission by the CGIAR, the Food and Agriculture Organization of the United Nations (FAO), International Fund for Agricultural Development (IFAD), and the United Nations World Food Programme (WFP)

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Views on the eleventh technical expert dialogue and third meeting under the ad hoc work programme on the new collective quantified goal on climate finance

Background

The ninth (TED 9) and tenth (TED 10) Technical Expert Dialogues under the ad hoc work programme (AHWP) on the new collective quantified goal on climate finance (NCQG) were pivotal in advancing the negotiations on the NCQG and moving towards a draft negotiating text.

Based on the current co-chairs' input paper, and without prejudice to Parties' deliberations on this agenda item, CGIAR, FAO, IFAD and WFP present this joint submission to TED 11 and the third AHWP. This submission aims at highlighting critical elements to be considered at the next meeting under the AHWP concerning agrifood systems, food security, and the quality and allocation of finance.

Key Messages

1. Quantitative elements.

- a. *Quantum*. Informed by and aligned with the priorities and needs as reflected in NDCs, NAPs, and best-available science, in the pursuit of sustainable development and poverty eradication, recognizing the fundamental priority of safeguarding food security and ending hunger.
- b. The NCQG should consider sectors such as agriculture, and water, and the entire agrifood systems to ensure global food security and take into account the financing and investment needs at around USD 300-400 billion per year to transform agrifood systems to meet the 1.5-degree target¹.
- c. *Thematic scope*. The NCQG should aim for a balanced allocation between adaptation and mitigation and adequately address loss and damage to reflect the evolving needs of developing countries, in particular, to prevent, anticipate and predict climate hazards and protect their livelihoods from damaging climate impacts.

2. Qualitative elements.

- a. *End-user beneficiaries*. The NCQG should support developing countries, with particular focus on agricultural communities on the frontlines of the climate crisis, in Least Developed Countries (LDCs), Small Island Developing States (SIDS), fragile and conflict-affected settings, and including vulnerable groups.

¹ *Food Finance Architecture: Financing a Healthy, Equitable, and Sustainable Food System (English)*. Washington, D.C.: World Bank Group.



- b. *Quality of Finance*. The NCQG should be aligned with Art. 2.1(c) to form the transformative characteristics of the goal in accelerating the shift towards low-emission, climate-resilient development pathway, including for transforming food, land and water systems. The focus is on resilient food production, climate smart inputs and equipment for sustainable and climate sensitive intensification, for priority consumption and income generating value chains in developing countries and on safeguarding food security.
- c. Grant-based, highly concessional finance, and non-debt instruments remain critical to supporting developing countries, particularly for adaptation and loss and damage, bringing about the need to define what instruments can constitute climate finance within the scope of the Paris agreement.
- d. *Access to finance*. The NCQG shall improve access to climate finance for LDCs, SIDS, and fragile and conflict-affected settings, including through increased capacity building for the fulfilment of access requirements, simplified access modalities, reduced co-financing requirements, and by facilitating the flow of finance to subnational actors, local communities, small-holder farmers, Indigenous Peoples, and women in critical sectors including agriculture, water, and land use.

Quantitative elements

The NCQG quantum must be informed by and aligned with the priorities and needs as reflected in Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and by the best available science, in the pursuit of sustainable development and poverty eradication, recognizing the fundamental priority of safeguarding food security and ending hunger. Aligning the NCQG quantum with these priorities ensures that the finance flows are directed towards activities identified as critical by the countries. **The NDC alignment of the NCQG should also consider sectors such as agriculture, and water, and the agrifood systems to ensure global food security, as these sectors predominantly support the most vulnerable populations in developing countries, in particular in the most fragile and conflict-affected settings.** For many developing countries, agriculture and agrifood systems are prominent within their NDCs due to their vulnerability to climate impacts and their importance for food security and livelihoods. The amount of climate related development finance (CRDF) flowing to agrifood systems is low and continues to diminish vis-à-vis global climate finance flows. Between 2000 and 2021, climate-related development financial support for agrifood systems amounted to USD 183 billion, with more than half of the funding delivered after 2016. However, in 2021, contributions plummeted to USD 19 billion, a 12 percent decline compared to 2020². When looking beyond CRDF, in a recent analysis from the Climate Policy Initiative, only 4 percent of global climate finance went to agrifood systems between 2019

² Galbiati, G.M., Yoshida, M., Benni, N. & Bernoux, M. 2023. *Climate-related development finance to agrifood systems - Global and regional trends between 2000 and 2021*. Rome, FAO.



and 2020³. Agriculture is one of the sectors with the highest adaptation finance needs for implementing the NDCs (or national climate plans), but climate finance for adaptation is also on a downward trend. The diminishing trends of both agrifood and adaptation investment is a cause for alarm and a missed opportunity. It is important to acknowledge the critical financing and investment needs of approximately USD 300-400 billion per year to transform the agrifood system to meet the 1.5-degree target, and this figure needs to inform the NCQG quantum discussion.

Thematic scope. The NCQG should aim at a balanced allocation between adaptation and mitigation and adequately address loss and damage to reflect and address the evolving needs of developing countries. Despite clear signs of accelerating impacts around the world, the finance gap for climate change adaptation in developing countries keeps widening. Current adaptation finance gaps are estimated at USD 194-366 billion per year⁴, however finance for adaptation actions remains a smaller portion (28% in 2022) of total climate finance flowing to developing countries. One analysis of “residual loss and damage” or “unavoidable loss and damage”, estimated the economic costs in the range of USD 290 – 580 billion by 2030, rising to USD 1 trillion in 2050⁵. Significant gaps remain in responding to the increased scale and frequency of loss and damage, and the associated economic and non-economic losses. Agriculture has not been an explicit focus of L&D discussions so far. Given the current limitations of the data on loss and damage, it is not yet possible to explicitly define the amount of financing required for losses and damages to agrifood systems, and the amounts mentioned broadly refer to agrifood systems overall. This calls for additional data collection and analysis.

A critical element to empower food insecure communities to manage climate risks is their capacity to connect with early warning systems and take anticipatory action following the forecasting of imminent climate hazards. However, efficient responses to climate disasters are further inhibited by the lack of pre-arranged financing, which accounts for less than 3% of all crisis financing flows⁶. Additionally, the absence of climate finance investments in fragile and conflict-affected contexts, coupled with a failure to harness the voices, knowledge and capacities of indigenous and marginalized groups, keeps resulting in avoidable losses and damage to food systems and a deepening inequality for food-insecure populations.

Communities on the frontlines of the climate crisis require urgent access to measures or solutions that can help them prevent, anticipate and predict climate hazards and protect their livelihoods from damaging climate impacts. Efforts should focus on prevention, adaptation, protection and transformation to minimize the consequences of climate impacts and build resilience. These solutions

³ CPI [Daniela Chiriac, Harsha Vishnumolakala, Paul Rosane], 2023. Landscape of Climate Finance for Agrifood Systems. Climate Policy Initiative

⁴ United Nations Environment Programme. 2023. Adaptation Gap Report 2023: Underfinanced. Underprepared. Inadequate investment and planning on climate adaptation leaves world exposed.

⁵ 5 Markandya, A. and M. Gonzalez-Eguino. An Integrated Assessment for Identifying Climate Finance Needs for Loss and Damage: A Critical Review, at https://link.springer.com/chapter/10.1007/978-3-319-72026-5_14

⁶ Centre for Disaster Protection, 2023. The State of Pre-arranged Financing for Disasters 2023.



include early warning systems, anticipatory action and emergency response, ecosystem and soil restoration, water-energy-food nexus actions, promoting local production and consumption of climate-resilient foods, linking social protection systems to scaling up climate-friendly school meals, climate risk financing schemes, climate proofing infrastructures, reducing post-harvest losses etc. Funding needs to ensure adequate implementation of these measures and solutions should be given due consideration under the NCQG development.

Qualitative elements

End-user beneficiaries. The new collective quantified goal shall support developing countries, with particular focus on Least Developed Countries (LDCs), Small Island Developing States (SIDS), fragile and conflict-affected settings, and the most vulnerable groups, including smallholder farmers who are responsible for one-third of global food production. These farmers are often situated in the most fragile and food-insecure settings, where climate-related development finance is critically lacking. Despite their significant role in producing one-third of global food, they receive less than 0.8% of global climate finance.

The more fragile a country, the less climate-related development finance it receives. Communities in the world's most fragile and food-insecure settings remain largely disconnected from financing which can help to strengthen local systems and capacities for climate change adaptation, disaster risk reduction and emergency preparedness. Less than one percent of Official Development Assistance (ODA) to extremely fragile contexts includes climate adaptation as a principal objective, despite clear and urgent adaptation needs⁷. There is the need to increase the quality and quantity of funding for climate actions, and address access barriers to climate finance for countries affected by fragility, conflict or facing severe humanitarian needs, focusing on addressing food insecurity and water scarcity, to bolster local food systems and capacities, and enable communities to prevent, anticipate, absorb, adapt, and transform ahead of climate shocks and stresses⁸.

The NCQG shall improve access to climate finance for LDCs, SIDS, and fragile and conflict-affected settings, including through simplified access modalities, reduced co-financing requirements, and by facilitating the flow of finance to subnational actors, local communities and farmers, Indigenous Peoples, and women. There should be emphasis on ensuring that finance is accessible at all levels, including ground level and that it addresses the most vulnerable and the agriculture, food and land-use sectors. There must be deliberate efforts to streamline access modalities and mechanisms that reduce transaction costs and support capacity building efforts, to improve the direct flow of funds to national and

⁷ Organization for Economic Cooperation and Development, 2023. [Development finance for climate and environment-related fragility: Cooling the hotspots](#)

⁸ Scartozzi, C. M. (2023). Conflict sensitive climate finance: lessons from the Green Climate Fund. *Climate Policy*, 23(3), 297-313. <https://doi.org/10.1080/14693062.2023.2212640>



sub-national level institutions, ensuring that communities and local projects directly benefit from the finance. In a timely process this should allow for action in time to manage climate risks especially for agriculture, food and land use. Evidence from WFP's climate and resilience programmes shows that the resilience of local communities to climate shocks is determined by the degree to which people in different locations have access to resources and are capable of organizing themselves prior to and during times of need^{9,10}. This means adopting a context-specific, integrated and conflict-sensitive approach to programming which aims at a balanced strengthening of human, social, natural, productive, financial, and political capital for climate risk management.

Quality of Finance. The NCQG should be aligned with Art. 2.1(c) of the Paris Agreement to form the transformative characteristics of the goal in accelerating the shift towards low-emission, climate-resilient development pathways, including for transforming food, land and water systems and safeguarding food security through policy reform and shifting financial investments. The NCQG's success lies not only in the volume of finance, but also the quality impacts and alignment of this finance with Article 2.1(c) ("making finance flows consistent with a pathway towards low greenhouse gas (GHG) emissions and climate-resilient development"). To this end the NCQG could include a long-term framework to encourage the alignment of both finance and public policies. Transforming food, land and water systems with a focus on investments in climate smart agriculture and sustainable intensification¹¹, will contribute to keeping the world below 1.5°C of global warming and protecting biodiversity; ending hunger and malnutrition; transforming employment in the sector to address poverty and inequalities¹².

Grant-based, highly concessional finance, and non-debt instruments remain critical to supporting developing countries, particularly for adaptation and loss and damage. Acknowledging that different sources and instruments have differing respective strengths and are thus differently placed and equipped to tackle specific circumstances and challenges in specific contexts, grant-based and concessional finance, in particular, for adaptation and loss and damage needs to be scaled up. The NCQG should be blended across different financial instruments, within the scope of the Paris agreement, to the extent possible and bundled across relevant sectors to ensure maximum impact. This approach ensures that the diverse needs of developing countries are met with appropriate financial solutions, leveraging the strengths of various funding mechanisms. A broad set of financing instruments can be considered in relation to loss and damage in agriculture, such as insurance and risk management strategies. The possibility of insurance to cover L&D costs without relying on *ex post* public intervention or private liabilities may complement other effective strategies for climate-related losses remediation (UNFCCC, 2023c). A significant opportunity is

⁹ WFP, 2023. [Niger, Resilience Learning in the Sahel: Impact Evaluation Baseline Report.](#)

¹⁰ WFP, 2021. [Acting Before a Flood to Protect the Most Vulnerable: An Independent Review of WFP's Anticipatory Cash Transfers in Bangladesh.](#)

¹¹ Omulo, G., Birner, R., Köller, K., Simunji, S., & Daum, T. (2022). Comparison of mechanized conservation agriculture and conventional tillage in Zambia: A short-term agronomic and economic analysis. *Soil & Tillage Research*, 221, 105414. <https://doi.org/10.1016/j.still.2022.105414>

¹² See footnote 1.



open in this respect, given the large gap between insured and total climate-related losses. In 2022, only a part of total losses related to natural catastrophes were insured, amounting to 45 percent of global losses related to natural catastrophes (SwissRe, 2023). The application of insurance has obvious limitations as a risk management tool, one of the main limitations being related to the nature of the event. This is the case with events that occur gradually, such as sea-level rise, desertification, loss of biodiversity and other.¹³

The NCQG should be predictable and transparent, fostering mutual accountability between donor and recipient countries. Predictable funding allows recipient countries to plan and implement long-term climate strategies effectively. Transparency in the allocation and disbursement of funds ensures that resources are used efficiently and for the intended purposes. Mutual accountability mechanisms can build trust and ensure that both donors and recipients are committed to achieving shared climate goals. By embedding these principles, the NCQG can enhance the effectiveness and impact of climate finance, ultimately benefiting the most vulnerable populations and ensuring sustainable development outcomes.

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CGIAR is a global research partnership for a food-secure future dedicated to transforming food, land, and water systems in a climate crisis.

The **Food and Agriculture Organization (FAO)** is a specialized agency of the United Nations that leads international efforts to defeat hunger. FAO's goal is to achieve food security for all and to make sure that people have regular access to enough high-quality food to lead active, healthy lives. With 195 members - 194 countries and the European Union, FAO works in over 130 countries worldwide.

IFAD is an international financial institution and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, IFAD has provided more than US\$24 billion in grants and low-interest loans to fund projects in developing countries.

The United Nations **World Food Programme (WFP)** is the world's largest humanitarian organization saving lives in emergencies and using food assistance to build a pathway to peace, stability and prosperity for people recovering from conflict, disasters and the impact of climate change.

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¹³ FAO, 2023. Loss and Damage in Agrifood Systems Addressing Gaps and Challenges