

**Submission by the Food and Agriculture Organization of the United Nations (FAO)  
to the United Nations Framework Convention on Climate Change (UNFCCC)  
in relation to Sharm el-Sheikh dialogue in 2025**

The Food and Agriculture Organization of the United Nations (FAO) welcomes the opportunity to share views on the Sharm el-Sheikh dialogue on the scope of Article 2, paragraph 1(c) of the Paris Agreement, and its complementarity with Article 9 of the Paris Agreement and on the issues to be addressed during the workshops to be held in 2025, as mandated by FCCC/PA/CMA/2024/L.5, para.5.

Agrifood systems are highly vulnerable to climate change, facing threats such as rising temperatures, floods, storms, droughts, and other extreme weather events. These risks jeopardize agricultural productivity, disrupt food supply chains, and endanger food security. At the same time, agrifood systems also impose considerable environmental costs, contributing to 29,7 percent of global greenhouse gas (GHG) emissions<sup>1</sup>. To address these challenges through the transformation of agrifood systems, it is crucial to better integrate the sector into both domestic and international financing and investments.

Shifting agrifood systems toward low-carbon and climate-resilient pathways can reduce GHG emissions, sequester carbon, and restore biodiversity and ecosystems. However, unlocking their full adaptation and mitigation potential requires a significant increase in climate investment. Delayed investment in climate action will not only intensify climate impacts but also drive-up costs, further widening the existing finance gap.

FAO is dedicated to support transformation of agrifood systems to be more resilient and sustainable. This commitment also focuses on enhancing the quantity and quality of climate finance needed for the transformation. Following the guidance from the co-chairs, the submission is structured to address the provided questions while incorporating FAO's expertise and building upon the discussions held during the dialogue in 2023 and 2024.

**1. Which topics and issues do you see as most relevant and helpful to be discussed in the context of the workshops in 2025?**

*Quantity and quality of climate finance*

The recent joint report by Climate Policy Initiative (CPI) and FAO highlights that transitioning global agrifood systems to a 1.5°C-aligned pathway is estimated to cost over a trillion dollars annually. Since agrifood systems are currently receiving less than 5 percent of total climate finance, climate finance for agrifood systems needs to increase by 40 times its current level. At the same time, current Nationally Determined Contributions (NDCs) underestimate the investment required to meet climate pledges for agrifood systems. National governments should consider increasing their climate finance needs for agrifood systems by at least six times, revealing a significant gap in planning the necessary actions.<sup>2</sup> Furthermore, many countries have indicated a lack of capacity to develop robust budgets for the climate targets set in their NDCs when revising them in 2025.

<sup>1</sup> FAO. 2024. Greenhouse gas emissions from agrifood systems – Global, regional and country trends, 2000–2022. FAOSTAT Analytical Brief Series, No. 94. Rome. Available at: <https://openknowledge.fao.org/items/74bfebdb-3272-4e6a-98f4-ee36c7146d44>

<sup>2</sup> Climate Policy Initiative (CPI). 2023. Landscape of Climate Finance for Agrifood Systems. Available at: <https://www.fao.org/family-farming/detail/en/c/1666223/>

Beyond increasing funding volume, both public and private capital must be strategically directed toward climate mitigation and adaptation, rather than supporting investments that exacerbate these challenges. This effort should prioritize the most vulnerable groups and their inclusion in decision-making and allocation processes. Additionally, access modalities must be simplified, specific financial instruments should be adapted to meet the needs of communities, especially agricultural communities, and climate finance commitments must align with national climate plans and targets.

Further on discussions around the climate finance and the differentiation between a provision and a mobilization scope, it is crucial to highlight that grant-based, highly concessional finance, and non-debt instruments remain critical to supporting developing countries.

The discussion on the quantity and quality of climate finance could be guided by the following questions:

- How can national governments and international organizations ensure that climate finance for agrifood systems is increased and effectively allocated towards the necessary transition to a 1.5°C-aligned and resilient pathway in line with the Paris Agreement?
- What strategies can be employed to enhance the capacity of countries, particularly developing nations, to develop robust budgets for their agrifood-related climate targets in their NDCs?
- How can public and private capital and investments be optimized to ensure that climate finance prioritizes climate mitigation and adaptation, while avoiding investments that worsen environmental challenges?
- How can the differentiation between provision and mobilization of climate finance be better addressed to ensure that developing countries receive adequate grant-based, highly concessional finance, and non-debt instruments to support their climate goals?

#### Access for small-scale farmers to climate finance

Climate finance for small-scale agriculture remains critically insufficient despite the sector's significant role in the economies of developing countries, particularly in Sub-Saharan Africa and South and Southeast Asia, where small-scale producers dominate. The current level of climate finance meets only a fraction of the needs of small-scale farmers and agribusinesses, highlighting an urgent opportunity to integrate climate considerations into agricultural funding. Prioritizing climate finance for small-scale agriculture is essential to enhancing the resilience of farmers and their communities in the face of climate change.<sup>3</sup>

The Baku Harmoniya Climate Initiative for Farmers of COP29 Presidency, implemented by the FAST (Food and Agriculture Initiative for Sustainable Transformation) Partnership, aims to address this challenge by facilitating increased investment in agrifood system transformation, with the particular focus on women and youth farmers, by mobilizing both public and private sector funding, leveraging partnerships with Multilateral Development Banks (MDBs) and Agricultural Public Development Banks (Agri-PDBs).

Further, as the Fund for responding to Loss and Damage (FRLD) accelerates its efforts to fully operationalise, there is an opportunity to address farmers and agrifood in the centre of its funding mechanism and ensuring that the finance reaches the grass roots. Agrifood systems and the communities that support and depend on them are on the front lines of loss and damage associated with climate change resulting in significant economic and non-economic losses and damages. Between 2007 and 2022, agricultural losses absorb an average of 23 percent of the total impact of disasters across all sectors.<sup>4</sup> Integrating farmers and agrifood systems into FRLD funding priorities will enable investment in climate-resilient and adapted agrifood systems and nationally determined response mechanisms to avert, minimize and address loss and damage.

In the context of the workshop, a key topic that should be discussed is the quality of finance, ensuring that financial support reaches the most vulnerable, including farmers, women, Indigenous Peoples, along with the

<sup>3</sup> Climate Policy Initiative (CPI). 2022. Examining the Climate Finance Gap for Small-Scale Agriculture. Available at: <https://www.climatepolicyinitiative.org/wp-content/uploads/2020/11/Examining-the-Climate-Finance-Gap-in-Small-Scale-Agriculture.pdf>

<sup>4</sup> FAO. 2023. The Impact of Disasters on Agriculture and Food Security 2023 – Avoiding and reducing losses through investment in resilience. Rome, FAO. <https://doi.org/10.4060/cc7900en>

Least Developed Countries (LDCs), and Small Island Developing States (SIDS). These groups and countries are disproportionately impacted by climate change yet receive insufficient climate-related development finance. The discussion could be guided by the following questions:

- How can climate finance for small-scale agriculture be scaled up to better align with the sector's critical role in developing economies and its vulnerability to climate change?
- What mechanisms can be put in place to ensure that climate finance effectively reaches the most vulnerable groups and countries, including small-scale farmers, women in rural areas, Indigenous Peoples, LDCs, and SIDS?
- How can existing initiatives, financial mechanisms, MDBs and PDBs be leveraged to mobilize both public and private sector investment in climate-resilient agrifood systems targeting the most vulnerable groups?

## 2. Which stakeholders do you see as most relevant to participate in and contribute to the workshops in 2025?

Innovative financial mechanisms are essential to meet the pressing needs of agrifood systems transformation, and the current significant shortfalls in funding show the importance of diversifying the approach to bridge the gap. Multilateral Development Banks (MDBs), Agricultural Public Development Banks, and regional and national farmers organizations should be considered as key stakeholders to contribute to these discussions as they are key actors in the transformation of agrifood systems and the development of climate-resilient communities. At COP29, the Baku Harmoniya Climate Initiative for Farmers highlighted how MDBs and Agri-PDBs are key financial actors for catalyzing investments and fostering synergies in agrifood system transformation. At the same time, farmers are at the forefront of implementing sustainable agricultural practices and adapting to climate change, and their active participation ensures that the realities and needs of local communities are fully represented and addressed. The FAST Partnership under its pillar on Policy Support and Dialogue will facilitate a discussion on the synergies and actionable support that MDBs and Agri-PDBs can jointly provide for agrifood systems transformation and will disseminate the results.

## 3. Which other processes should we take into account in our work in 2025?

The following UNFCCC processes have been identified for consideration and serve as key linkages for the Sharm el-Sheikh Dialogue on the scope of Article 2, paragraph 1(c) of the Paris Agreement.

### 2025 Forum of the Standing Committee on Finance, 8-9 September 2025

At the 32<sup>nd</sup> session of the Standing Committee on Finance (SCF), the SCF agreed to focus its 2025 Forum on ***“Accelerating climate action and resilience through financing for sustainable food systems and agriculture.”***

This forum will serve as a platform for collaboration between climate finance and agrifood system stakeholders, including governments, financial institutions, international organizations, academia, civil society, indigenous organizations, and farmer representatives and other relevant partners.

The two days discussions will address the climate-agriculture-food security nexus, highlighting smallholder farmers' challenges and financing needs<sup>5</sup>. Key sessions will include exploring scaling financial flows, aligning policies with NDCs and National Adaptation Plans (NAPs), and redirecting agricultural subsidies toward climate-smart practices. The forum will also emphasize leveraging financial instruments such as blended finance, concessional loans, and public-private partnerships (PPPs) to enhance investments in sustainable agrifood systems. A major focus will be on improving financial accessibility for vulnerable communities, strengthening data transparency and tracking, and integrating capacity-building initiatives. The forum will conclude with actionable recommendations for mobilizing resources, strengthening policy coherence, and fostering multi-

<sup>5</sup> SCF/2025/36/4. Background paper on the 2025 Forum of the Standing Committee on Finance on accelerating climate action and resilience through financing for sustainable food systems and agriculture.

[https://unfccc.int/sites/default/files/resource/BN%204\\_SCF36\\_2025%20Forum.pdf](https://unfccc.int/sites/default/files/resource/BN%204_SCF36_2025%20Forum.pdf)

stakeholder collaboration, shaping future UNFCCC negotiations and climate finance strategies for food security and resilience. The Forum also provides the opportunity to bring together on its sidelines the climate and agriculture investment programmes including the GEF Integrated Programme on Food Systems coordinated by FAO and IFAD.

#### *Sharm el-Sheikh joint work on implementation of climate action on agriculture and food security*

To acknowledge agriculture's role in addressing and adapting to climate change, a four-year Joint work on implementation of climate action on agriculture and food security (SJWA) began in 2022 by adopting decision 3/CP.27<sup>6</sup>. The joint work mandated the Secretariat to prepare an annual synthesis report, which should highlight agriculture-related work conducted by various bodies and organizations. Additionally, it mandates the Secretariat to organize workshops and create Sharm el-Sheikh online portal for Parties to share information about relevant projects and initiatives. In June 2024, Parties agreed on the timeline to implement these mandates and the thematic focus of the workshops, which include the following topics relevant to climate finance:<sup>7</sup>

- Systemic and holistic approaches to implementation of climate action on agriculture, food systems and food security, understanding, cooperation and integration into plans (to be held at SB62).
- Progress, challenges and opportunities related to identifying needs and accessing means of implementation for climate action in agriculture and food security, including sharing of best practices (to be held at SB64)

#### *Climate technologies for agrifood systems transformation*

“Climate technologies for agrifood systems transformation: Placing food security, climate change and poverty reduction at the forefront<sup>8</sup>”, a joint report by FAO and the Technology Executive Committee (TEC) under the UNFCCC, focusing on climate technologies in agrifood systems. This report places food security, climate change, and poverty reduction at the forefront. It highlights the need for innovative, climate-smart solutions to enhance food security, particularly for vulnerable populations such as smallholder farmers. The report examines climate-resilient technologies, including water management, drought-tolerant crops, precision farming, renewable energy, and post-harvest solutions, emphasizing their roles in both adaptation and mitigation. It also offers policy recommendations, capacity-building strategies, and financing mechanisms to support the adoption of these technologies, especially in developing countries.

### **Conclusion**

FAO remains committed to collaborating with the UNFCCC and partners at all levels to increase quantity and quality of climate finance to support transformation of agrifood systems. As the lead UN agency, FAO supports countries in strengthening policies, building institutional and community capacity, and delivering context-specific solutions to realize its vision for the Strategy on Climate Change<sup>9</sup>. Agrifood systems should be sustainable, inclusive, resilient, and adaptive to climate change and its impacts. They must contribute to low-emission economies while providing sufficient, safe, and nutritious foods for healthy diets, along with other agricultural products and services for present and future generations, leaving no one behind.

We express our full commitment to supporting the upcoming dialogue and share out technical expertise on landscape of climate finance for agrifood systems.

<sup>6</sup> UNFCCC. 2022. Sharm el-Sheikh joint work on implementation of climate action on agriculture and food security. Decision 3/CP.27. In: UNFCCC [online]. Bonn. [Cited 22 January 2025]. <https://unfccc.int/documents/626561>

<sup>7</sup> UNFCCC. 2024. Sharm el-Sheikh joint work on implementation of climate action on agriculture and food security. Draft conclusions proposed by the Chairs. FCCC/SB/2024/L.8. In: UNFCCC [online]. Bonn. [Cited 22 January 2025]. <https://unfccc.int/documents/643386>

<sup>8</sup> FAO & UNFCCC. 2024. Climate technologies for agrifood systems transformation – Placing food security, climate change and poverty reduction at the forefront. Rome. Available at: <https://doi.org/10.4060/cd2877en>

<sup>9</sup> FAO. 2022. FAO Strategy on Climate Change 2022–2031. Rome.