



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 the Veredas Dialogue in 2026

The Food and Agriculture Organization of the United Nations (FAO) welcomes the opportunity to share views on the organization of the Veredas Dialogue on the implementation of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement mandated by FCCC/PA/CMA/2025/L.11, para. 19.

Sustainable and resilient agrifood systems are central to effective climate action and to achieving the goals of the Paris Agreement. In 2023, agrifood systems accounted for 32 percent of global greenhouse gas (GHG) emissions¹, while remaining among the sectors most vulnerable to climate impacts. At the same time, they sustain the livelihoods of over 1.2 billion people and are essential for ensuring food security and nutrition. Transforming these systems requires mobilizing targeted climate finance, yet despite overall growth in climate funding, agrifood systems are being left behind². This underinvestment limits their potential to enhance climate resilience, reduce emissions, protect biodiversity, and secure sustainable food systems.

FAO is committed to supporting the transformation of agrifood systems toward greater resilience and sustainability. This commitment includes efforts to enhance both the quantity and quality of climate finance necessary for this transformation. This submission draws on FAO's technical expertise and builds on outcomes of the previous Sharm el-Sheikh Dialogues and 2025 Forum of the Standing Committee on Finance (SCF)³ held in September 2025 in FAO, Rome, Italy.

Advancing consideration of agrifood systems within the Veredas Dialogue

According to FAO analysis² agrifood systems receive only a fraction of climate-related development finance. While overall climate-related development finance grew by 12 percent between 2022 and 2023 across sectors, finance for agrifood systems stagnated with a mere one percent increase, and their share of total climate finance has almost halved since 2009. This stark mismatch is particularly concerning given the estimated USD 1.3 trillion annual investment gap required to transform agrifood systems towards sustainability, resilience, and inclusivity in line with the Paris Agreement. Continued underinvestment not only limits the sector's potential to contribute to mitigation and adaptation but also exacerbates hunger, malnutrition, and vulnerability to climate extremes. As multilateral development banks expand their engagement and financing instruments diversify, there is a clear opportunity to scale up and strategically direct climate finance where it can generate the greatest co-benefits for climate, nature, and people.

Discussions on climate finance for agrifood systems under the UNFCCC have gained increasing prominence outside the Sharm el-Sheikh joint work on implementation of climate action on agriculture and food security (3/CP.27) since 2025. This momentum was notably reinforced when the second workshop under the Sharm el-Sheikh dialogue was convened back-to-back with the 2025 SCF Forum. The Forum, held under the theme "Accelerating climate action and resilience through financing for sustainable food systems and agriculture," took place at FAO Headquarters in Rome, Italy. The back-to-back organization of these events created important synergies across UNFCCC mandated processes and relevant stakeholders. It enabled Parties, financial institutions, international organizations, experts, and practitioners to exchange views in a coordinated manner and to engage substantively across both platforms.

The key outcomes of the 2025 SCF forum highlighted a significant finance gap for agrifood systems, with current funding flows far below what is needed to support climate mitigation and resilience. Access to private finance remains constrained in rural and smallholder contexts due to perceived risks, limited data, and small transaction sizes, while women, youth, Indigenous Peoples, and smallholders continue to face unequal access to climate finance. Participants emphasized that integrated policies linking agriculture, food systems, and national climate strategies (including NDCs and NAPs) are essential. Public finance should play a catalytic role by de-risking investments and mobilizing private capital, supported by innovative instruments such as blended finance, green bonds, carbon finance, and risk-sharing tools. Strengthening local institutions and farmers' organizations, improving data and monitoring systems, enhancing institutional readiness, and promoting inclusive finance mechanisms tailored to local contexts were identified as key priorities for action.

FAO recommends building upon the outcomes and priority actions identified during the 2025 SCF Forum. FAO further encourages continued engagement with, and consideration of, the outcomes of the forthcoming workshop to be held at the 64th session of the Subsidiary Bodies (SB 64) on "Progress, challenges, and opportunities related to identifying needs and accessing means of implementation for climate action in agriculture and food security, including the sharing of best practices," under the Sharm el-Sheikh joint work on implementation of climate action on agriculture and food security.

Views on the organization of the Veredas Dialogue under Article 2.1(c)

In the organization of the Veredas Dialogue under Article 2.1(c) it will be important to consider the following topics:

1) Consider sector-specific gaps and investment realities

Discussions on making finance flows consistent with low GHG emissions and climate-resilient development pathways should be considerate of sectoral transformation needs. The recent joint report by Climate Policy Initiative (CPI) and FAO⁴ 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 10 percent of total climate finance, climate finance for agrifood systems needs to increase by 12 times its current level. In addition, the Dialogues should consider how financial flows should support integrated agrifood investments that deliver mitigation and adaptation outcomes alongside measurable co benefits for **resilience**, livelihoods, and broader sustainable development outcomes, including nutrition. Guidance from the Global Environment Facility Scientific and Technical and Advisory Panel (STAP)¹ highlights that incorporating co benefits for local stakeholders strengthens the durability of global environmental benefits and can enhance overall investment returns. Considering wider development co benefits, including nutrition, within climate finance therefore contributes to both effectiveness and long term sustainability.

2) Strengthen countries' capacity to budget and plan climate activities

Current Nationally Determined Contributions (NDCs) underestimate the investment required to meet climate pledges for agrifood systems. Current estimates indicate that national climate finance allocations for agrifood systems would need to increase by at least sixfold to adequately address mitigation and adaptation targets set in NDCs, highlighting a substantial gap in the scale of planning and investment required.⁵ 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. Given that effective implementation of Article 2.1(c) depends on nationally grounded pathways, strengthening national planning, costing, and budgeting frameworks is essential to ensure that finance alignment efforts are realistic, adequately resourced, and consistent with national circumstances, including where relevant the integration of nutrition related considerations within agrifood investments.

3) Consider the catalytic role of public finance and innovative instruments

In organizing thematic sessions, the Dialogue may further explore how public and private capital and investments can be optimized to ensure that climate finance prioritizes climate mitigation and adaptation, while avoiding investments that worsen environmental challenges. Climate finance portfolios that support sustainable food systems, including healthy diets and improved food system efficiency, can contribute to mitigation outcomes while also strengthening resilience, public health, and economic stability.

The Food and Agriculture for Sustainable Transformation (FAST) Partnership⁶, hosted by FAO, is supporting implementation of two flagship programmes launched by COP 29 and COP 30 Presidencies, which can provide the Dialogue with practical examples on how new investments can be designed for agrifood systems transformation:

- The Baku Harmoniya Climate Initiative for Farmers⁷ of COP 29 Presidency, aims to facilitate increased investment in agrifood system transformation, with the particular focus on women and youth farmers, by leveraging partnerships with Multilateral Development Banks (MDBs) and Agricultural Public Development Banks (Agri-PDBs) to mobilize both public and private sector funding.
- The Resilient Agriculture Investment for Net-Zero Land Degradation (RAIZ)⁸, launched at COP 30, seeks to mobilize resources and support strategic allocation of public and private investments to restore degraded agricultural land for climate resilience, biodiversity conservation, and food security. By convening governments and investors to design co-investment mechanisms and de-risk private capital, RAIZ provides a practical example of how catalytic public finance and innovative instruments can support alignment of finance flows with climate-resilient and development pathways.

Such initiatives illustrate how innovative instruments and partnerships can leverage public finance, particularly when concessional, to de-risk investments, strengthen institutional capacity, and attract additional private capital.

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 grassroots. 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. 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.

The Dialogue could therefore explore how innovative instruments and dedicated funding windows can ensure that catalytic public finance reaches vulnerable agrifood systems and supports nationally determined responses to loss and damage.

4) Ensure discussions cover the quality of finance and not only quantity

Prioritizing climate finance for small-scale agriculture is essential to enhancing the resilience of farmers and their communities in the face of climate change.⁹ A key topic that should be discussed is the quality of finance, ensuring that financial support reaches the most vulnerable. These groups and countries are disproportionately impacted by climate change yet receive insufficient climate-related development finance. Alignment of finance flows under Article 2.1(c) should therefore address not only increasing funding volume, but also how 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 including farmers, women, Indigenous Peoples, along with the Least Developed Countries, and Small Island Developing States, 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.

Existing initiatives, financial mechanisms, MDBs and PDBs can be leveraged to mobilize both public and private sector investment in climate-resilient agrifood systems targeting the most vulnerable groups. Within the Veredas Dialogue, discussions could therefore focus on how aligned financial structures can enhance inclusiveness, simplify access, and ensure that the distribution of finance is consistent with national priorities and the needs of those most exposed to climate risks.

Conclusion

FAO remains committed to collaborating with the UNFCCC and partners at all levels to build on previous related work and advance the effective implementation of Article 2.1(c), in complementarity with Article 9, including through the Veredas Dialogue in 2026. Ensuring that finance flows are consistent with low-emission and climate-resilient development pathways requires greater attention to agrifood systems, given their central role in mitigation, adaptation, food security, and livelihoods.

As the lead UN agency for agrifood systems, FAO supports countries in strengthening policies, enhancing planning and budgeting capacities, building institutional and community-level readiness, and designing context-specific investment solutions aligned with national climate strategies. Through its technical expertise and partnerships, including the FAST Partnership and engagement with multilateral development banks and public development banks, FAO contributes practical experience on how catalytic public finance, innovative instruments, and inclusive approaches can improve both the quantity and quality of climate finance.

FAO looks forward to actively engaging in the Veredas Dialogue in 2026, sharing technical insights on the climate finance landscape for agrifood systems, and supporting evidence-based discussions that help align finance flows with sustainable, inclusive, resilient, and adaptive agrifood systems—leaving no one behind.

¹ FAO. 2025. Greenhouse gas emissions from agrifood systems – Global, regional and country trends, 2001–2023. FAOSTAT Analytical Brief Series, No. 115. Rome. <https://doi.org/10.4060/cd7300en>

² Galbiati, G.M., Caputo, I., Brierley, I., Ducastel, A. & Bernoux, M. 2025. Climate-related development finance to agrifood systems – Global and regional trends. Report 2025. Rome, FAO. <https://doi.org/10.4060/cd7500en>

³ UNFCCC. 2025. Report of the Standing Committee on Finance. Addendum. Forum of the Standing Committee on Finance. FCCC/CP/2025/9/Add.4; FCCC/PA/CMA/2025/13/Add.4. https://unfccc.int/sites/default/files/resource/cp2025_09_cma2025_13_a04.pdf

⁴ CPI & FAO. 2024. The Triple Gap in Finance for Agrifood Systems. Revised. Rome. <https://doi.org/10.4060/cd3611en>

⁵ Climate Policy Initiative (CPI). 2023. Landscape of Climate Finance for Agrifood Systems. Available at: <https://www.fao.org/family-farming/detail/en/c/1666223/>

⁶ FAO. 2025. FAST Partnership. <https://www.fao.org/food-agriculture-sustainable-transformation-partnership/en>

⁷ COP 29. 2024. Baku Harmoniya Climate Initiative for Farmers. <https://cop29.az/en/pages/baku-harmoniya-climate-initiative-for-farmers-concept>

⁸ COP 30. 2025. Resilient Agriculture Investment for Net Zero Land Degradation. <https://cop30.br/en/news-about-cop30/brazil-unveils-global-initiative-to-restore-degraded-lands-during-cop30>

⁹ 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>