



FINANCING RESILIENCE FOR SMALL-SCALE FARMERS

A DEMAND FOR CLIMATE ACTION

V.2024

Climate finance continues to trail global needs. And as extreme weather events pile up, small-scale producers are being left behind. It's too late for urgency, now is the time to demand that the international community commit and follow through on pledges for ambitious climate finance. COP29 offers an opportunity to unlock more and better climate investments to support vulnerable communities better and faster.

Most (84%) of the world's [570 million farms](#) are less than two hectares in size. These small holdings produce approximately a third of the world's food, but more importantly, they support over 2.5 billion livelihoods. Despite their importance, small-scale farmers remain among the most vulnerable communities. They are often hit first and bear the brunt of climate change's worst impacts. The situation is worse for women farmers, youth, and indigenous groups because of systemic barriers to inclusion.

Solidaridad's [Small Farmer Atlas](#) - an extensive survey of over 10,000 small-scale farmers across 18 countries - underscores the fact that climate-related issues are their primary concern. Declining soil quality, reduced access to clean water, and unpredictable weather patterns all pose significant risks to farming.¹ Most farmers interviewed lack sufficient income to weather market volatility and climate-related shocks.

The need for ambitious climate action

The Intergovernmental Panel on Climate Change's Sixth Assessment Report ([IPCC AR6](#)) expresses "high confidence" in the impact of climate-related extremes on global small-scale food producers.² This is reaffirmed by the first [UNFCCC Global Stocktake Report](#) (2023) which unveils a stark reality; that

current climate actions are insufficient to keep the world below the 1.5 degrees Celsius average temperature increase targets.³ The report includes key findings relevant to vulnerable small-scale farmers:

- 1. The effects of climate change are here and now**
Losses and damages to humans, infrastructure and nature are already being observed, and significantly more efforts are needed to achieve progress on adaptation, loss and damage.
- 2. A need to get money where it's needed**
Progress on public and private climate finance needs to be made, especially for adaptation. And access to this finance needs to be simplified to better serve local needs. [Evidence shows](#) that too much climate finance is ineffective or too complex to access.⁴
- 3. There is no silver bullet for adapting to climate change and mitigating greenhouse gas emissions**
Reaching net zero requires [curbing deforestation](#), [protecting natural ecosystems](#), [restoring deforested and degraded lands](#), [sustainably managing land](#), and a transition to [low carbon](#) and [climate-resilient agriculture](#), and [inclusive food systems](#). Any effort to support mitigation and adaptation must be informed by local needs.

These findings emphasize the need for supporting agricultural transformation that integrates climate resilience and promotes low-emission development. However, finance – a critical enabler of these transformations – remains insufficient and delivery mechanisms are often not set up to facilitate [locally-led climate action](#).⁴

Urgent action is imperative to accelerate climate finance and mechanisms, focusing specifically on small-scale farmers who rely on natural resources for their livelihoods and play a vital role in biodiversity protection.

While last year's COP28 had some fruitful outcomes, including the launch of the Loss and Damage Fund and the [UAE Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action](#),⁵ the numerous weak and vague outcomes on climate finance and support means that vulnerable countries continue to wait as climate impacts escalate.

COP29 has been described as a “*litmus test for the Paris Agreement and global climate action and cooperation*”⁶ and finance is seen as a top priority within the COP29 Presidency agenda. **Finance is a great enabler for climate action that will make a difference for small-scale farmers.** Success at COP29 hinges on whether the world will prioritize the needs of the 3.6 billion people living in climate-vulnerable countries whose lives and livelihoods are at risk. It's the small-scale farm families who are at the heart of these communities.

In this context, Solidaridad highlights **5 key messages** in the lead-up to the UNFCCC COP29:

1 Increase and improve access to climate finance for small-scale agrifood systems

Finance is a key enabler. Top findings from the IPCC AR6 report show that global finance will need to increase up to 6 times by 2030 to achieve set goals. Zooming in on small-scale farmers and the small-scale agrifood system, climate finance amounts dropped 40 percent in 2019/2020 compared to 2017/2018 ([CPI 2023](#))⁷ – showing a worrying trend for the farmers who produce an estimated 35 percent of the world's food ([FAO 2021](#)).⁸

Overall, according to [CPI 2023](#), small-scale agrifood systems received just 0.8 percent of the total climate finance tracked across all sectors and 19 percent of total climate finance for agrifood systems despite the small-scale [sector's vulnerability](#) to climate change.⁷

Making climate finance more community- and farmer-focused is not just an ethical imperative, but a strategic move to ensure that solutions are adapted to local needs, while also securing the sustainable future of small-scale farming communities. Delivering on climate finance is indispensable to achieving climate objectives in small-scale agrifood systems. In this context, COP29 must demonstrate success in **an ambitious New Collective Quantified Goal (NCQG) for climate finance**, that:

- Upholds promises to at least double adaptation finance from 2019 levels by 2025, including transparent monitoring and reporting.
- Increases the new post-2025 climate finance goal beyond USD \$100 billion per year from 2025 onwards.
- Recognizes that current adaptation finance flows to climate vulnerable countries are 10 to 18 times below estimated needs ([UNEP 2023](#)) and the need to fast track an increase in adaptation finance to achieve a balance between adaptation and mitigation financing as outlined in Paris Agreement- Article 9.4.9
- Ensures the international financial architecture is fit for purpose in the quality, function and scale of climate finance provided to climate vulnerable countries.
- Acknowledges the need to critically assess climate finance funding mechanisms and modalities and make them more accessible, inclusive and equitable for civil society organizations, small-scale farmers and communities.
- Advances the establishment of the Global Goal on Adaptation (GGA)¹⁰ with [principles for locally led adaptation](#).



2 Improve the delivery of climate finance to effectively reach the local level

Small-scale farmers and communities are at the frontline of climate change impacts, yet often lack access to sufficient financial resources and technical support to effectively pilot innovations and implement climate solutions at scale. Changing weather patterns and environmental degradation exacerbated by climate change is exposing farmers to heightened risk. Despite their vulnerability, small-scale farmers are key players in advancing nature-based solutions (e.g. [Hou-Jones and Sorsby 2023](#))¹¹ that leverage ecosystem services to enhance climate resilience and [mitigate climate impacts](#). Supporting these small farmers and their communities with targeted financial mechanisms and capacity-building initiatives is critical for scalable and sustainable climate adaptation efforts.

The Locally Led Adaptation (LLA) approach presents an opportunity to facilitate and finance effective adaptation measures rooted in local realities. The approach also [incentivizes local actors](#) to invest scarce financial resources more effectively.¹² The LLA principles are affirmed by the [technical dialogue](#) within the [UNFCCC Global Stocktake Report](#), which states that “when adaptation is informed and driven by local contexts, populations, and priorities, both the adequacy and the effectiveness of adaptation action and support are enhanced.”¹³ This perspective is further reinforced by the ethos of [the “Shift the Power” movement](#), challenging the conventional top-down paradigm. At its core, this movement champions the belief that local stakeholders should actively participate in the design and implementation of projects that directly impact their lives.

Dialogue outcomes at COP29 can accelerate these efforts by:

- Advocating for simplified [climate finance access rules and approval](#).
- Pushing for reforms within funding mechanisms and investment strategies of international funds to align with LLA aspirations of direct community participation in the design, implementation, appraisal and evaluation of climate and development projects.
- Providing clear recommendations and guidelines to ensure finance targets the critical enablers of [locally-led, gender-equitable, nature-based and inclusive climate solutions](#) that meet the different needs of small-scale farmers and frontline communities.
- Supporting accurate, transparent and improved tracking and reporting of finance and related policies towards locally-led adaptation.

3 Provide catalytic climate finance towards Payment for Ecosystem Service initiatives

The [IPBES Global Assessment on Biodiversity and Ecosystem Services \(2019\)](#),¹⁴ [IPCC AR6](#),² COP26, and COP27 acknowledge Climate Change as a key contributor to biodiversity loss and emphasize the need to mobilize additional finance and channeling funds to support the Kunming-Montreal Global Biodiversity Framework.

In the context of small-scale farming, pivotal strategies for ensuring food security, bolstering farmer resilience and delivering multiple benefits for climate, nature and people are intricately tied to [nature-based solutions](#).² These encompass practices such as agroforestry, climate-smart and regenerative farming, agroecological principles, and ecosystem-based management.¹⁵ These practices can also contribute to enhanced natural carbon storage, biodiversity and other vital ecosystem services. This makes them also attractive for [private financing](#) through carbon markets.¹⁶

Solidaridad’s ongoing collaboration with [Rabobank’s Acorn initiative](#) serves as a testament to the effectiveness of these strategies. By adopting agroforestry practices, more than 50,000 farmers have already experienced tangible benefits, witnessing an improvement in both their incomes and resilience. Payment for Ecosystem Services (PES) initiatives emerge as a pivotal component, providing essential incentives for investments in sustainable agriculture and food production, while protecting forests and other ecosystems.

To facilitate the broader implementation of such initiatives, there is a pressing need for catalytic climate finance. This financial support is needed to bridge the investment period for small-scale farmers, ensuring that they can receive additional incentives from the implementation of sustainable practices that provide vital ecosystem services. The scalability of these initiatives hinges on the availability of adequate financing to foster long-term sustainability and resilience in small-scale farming communities.

To scale up such efforts COP29 outcomes should:

- Advance synergies between flows of finance for climate and biodiversity by prioritizing solutions, approaches and potential gaps in investment that deliver for both climate and nature, while rigorously combatting the risk of double-counting.
- Accelerate next steps in the implementation of the COP28 Global Stocktake, in line with the Global Biodiversity Network.¹⁷ which also highlights the importance of financial investments supported by policy incentives to promote conservation and sustainable ecosystem-based approaches.

4 Democratize access to carbon markets for small-scale farmers

The voluntary carbon market (VCM) is expected to grow to **\$10 – 40 billion by 2030**, attracting both public and private interest as a way to finance payment for ecosystem services programs.¹⁸ For small-scale farmers, voluntary carbon markets represent an opportunity to improve farming practices, adapt to climate change and be rewarded for their contributions to global climate solutions. However, delays in the operationalization of provisions under Article 6 to address credibility challenges means that farmers' interaction with VCMs is not yet optimal. The full potential of article 6 must therefore be realized to unlock benefits accruing from land-based removals, nature-based solutions and carbon markets.

Borrowing lessons learnt on how the VCM can effectively be regulated, including but not limited to non-permanence and leakage management, baseline, additionality methodologies and efficient Measurement, Reporting and Verification (MRV) systems, Solidaridad underscores the urgent need for;¹⁹

- Parties to agree on the operationalization of the provisions of the Article 6 mechanism that will pave the way for increased investments in land based, nature-based carbon removals and carbon sequestration and subsequent rewards.
- Robust accounting systems to improve the integrity of ecosystems and nature-based solutions.
- Parties to agree to create an enabling policy environment conducive for small-scale farmers to participate in the VCM including fair revenue-sharing agreements.

5 Ensuring Nationally Determined Contributions 3.0 ambition

To ensure that the next round of of Nationally Determined Contributions (NDCs) is more effective, it is crucial that countries build on lessons learned from previous submissions by prioritizing the following:

- **Inclusive and Transparent Processes:** Ensure that the development of NDCs is participatory, transparent, and inclusive, engaging a wide range of stakeholders such as civil society organizations, farmers, indigenous peoples, and communities.
- **Ambitious, Gender-Transformative and Socially Inclusive Climate Action:** NDCs should reflect ambitious targets that are gender-transformative, promote social inclusion, and support locally-led climate action. This includes addressing the unique needs of marginalized groups and ensuring equitable participation in climate initiatives.
- **Climate Finance Accessibility:** Commitments should include clear strategies for making climate finance more accessible to local stakeholders. This includes both national funding mechanisms and international climate finance institutions, ensuring that communities can access the resources needed to implement climate solutions.
- **Fair and Inclusive Carbon Markets:** Access to carbon markets must be fair and accessible to small-scale farmers, allowing them to benefit from implementing nature-based solutions that support climate change mitigation while generating additional sustainable development benefits.

A CALL TO ACTION TO CLIMATE DELIVERY ORGANIZATIONS AND POLICY MAKERS



Increase and improve access to climate finance for small-scale farmer initiatives.



Provide catalytic climate finance towards PES initiatives.



Channel climate finance towards locally-led, gender-equitable, and inclusive solutions.



Establish enabling regulations for natural carbon removals.

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ABOUT SOLIDARIDAD

Solidaridad is an international civil society organization with over 53 years' experience in developing solutions to make farming and mining communities more resilient — from our early roots supporting communities in Latin America to our current work fostering more sustainable supply chains globally. We currently work in over 40 countries and five continents, through eight independently supervised regional offices.

We help build resilient communities as active participants in resilient, low-emissions food systems. The strategies we implement across the entire food system require strong partnerships to create long-lasting impact. Support from impact investors, public and private donors, as well as small, medium and large companies, as well as collaboration with research entities, government entities and other civil society organizations is essential to enable us to achieve meaningful impact at scale.

Solidaridad is an associate member of the [NDC Partnership](#) where we seek to support countries to implement their NDCs, while also ensuring that farming communities can

support NDC implementation and benefit from NDC processes.

In 2022, alongside 80+ organizations, Solidaridad has endorsed [locally led adaptation principles](#) developed under the leadership of the [Global Commission on Adaptation](#). With this endorsement we advocate for a new climate finance delivery model - a model where local actors have greater power and resources to build climate change resilience.

Solidaridad is an active member of the [Cool Farm Alliance](#), composed of global food brands, NGOs, leading academic institutions, farmer groups and respected agronomists. The Alliance operates the Cool Farm Tool that measures on-farm greenhouse gas emissions, carbon sequestration and other environmental sustainability indicators.

In Latin America, Solidaridad has hosted the [Tropical Forest Alliance](#) in Argentina, Colombia, Peru and Paraguay since 2020. The aim of this partnership is to promote the implementation of deforestation-free agreements in key supply chains, engaging companies with the potential to make a sustainable impact at the regional and sector level.

REGIONAL CONTACT POINTS:



Andrea Olivar
Solidaridad Latin America
andrea.olivar@solidaridadnetwork.org



Neha
Solidaridad Asia
neha@solidaridadnetwork.org



Nonsikelelo Nkomo
Solidaridad Southern Africa
nonsikelelo.nkomo@solidaridadnetwork.org



Noura Hanna
Solidaridad Europe
noura.hanna@solidaridadnetwork.org



Laura Kiff
Solidaridad North America
laurakiff@solidaridadnetwork.org



Sweeny Binsari
Solidaridad East & Southern Africa
sweeny.binsari@solidaridadnetwork.org



Winston Adams Asante
Solidaridad West Africa
winston@solidaridadnetwork.org

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