



# FINANCING RESILIENCE FOR SMALL-SCALE FARMERS

AN URGENT CALL FOR CLIMATE ACTION

V.2023

Small-scale farming constitutes 85% of the 570 million farms worldwide, playing a significant role in global food, feed, fiber, and other product production. However, current climate action falls short of addressing the needs of small-scale farmers, who are disproportionately impacted by climate change.

Globally, there are more than [570 million farms](#), of which 475 million (85%) are small-scale family-operated farms of less than 2 hectares<sup>1</sup>. The livelihoods of more than 2.5 billion people depends on small-scale agriculture and family farming. And although these farmers are also among the most vulnerable to global climate change, they have little say in policies influencing their future. The situation for women farmers, youth, and indigenous groups is often worse given systemic barriers to inclusion.

Solidaridad's [Small Farmer Atlas](#)<sup>3</sup> - an extensive survey of over 10,000 small-scale farmers across 18 countries - underscores climate-related issues as their primary concern, with declining soil quality and unpredictable weather patterns posing significant risks to farming. The majority of farmers indicated insufficient income to build resilience to market volatility or climate-related shocks.

## The urge for change

The Intergovernmental Panel on Climate Change's Sixth Assessment Report (IPCC AR6<sup>2</sup>) expresses "high confidence" in the impact of climate-related extremes on global small-scale food producers. This is reaffirmed by the [UNFCCC Global](#)

[Stocktake Report](#)<sup>4</sup> (2023) that evaluates the world's collective progress towards the goals of the Paris Agreement (2015). Unfortunately, it demonstrates that current climate actions are insufficient to keep the world below the 1.5 degrees Celsius average temperature increase targets.

The report also includes some key findings relevant for vulnerable small-scale farmers:

1. 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. Significant progress is needed to increase public and private climate finance, especially for adaptation. Access needs to be simplified to better serve local needs. [Evidence shows](#) that too much climate finance is ineffective or too complex to access<sup>5</sup>.
3. Reaching net zero requires [curbing deforestation](#), [protecting natural ecosystems](#), [restoring deforested and degraded lands](#), [sustainably managing land](#), and undergoing a transformation to [low carbon](#) and [climate-resilient agriculture](#), and [inclusive food systems](#).

## A climate-action plan for farming communities

The Global Stocktake Report clearly emphasizes the necessity of supporting agricultural transformations that integrate climate resilience and promote low-emission development. However, finance - a critical driver of these transformations - remains insufficient and delivery mechanisms are not sufficiently able to facilitate the transfer of decision-making power and resources to vulnerable groups<sup>5</sup>.

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

We need to bring food, land use and sustainable agriculture to the heart of the climate process. Fortunately, at COP28, we witness an increased focus on nature, people, lives, and livelihoods in climate action. A rapid climate action plan in the next few years is crucial to address challenges at the intersection of food, nature, and small-scale agriculture. We urge policy and decision makers to consider the following:

### 1 Increase and improve access to climate finance:

Despite being on the frontlines of climate change, [small-scale farming communities often lack the financial resources to implement effective low-carbon and climate adaptation solutions](#). In line with the [COP 27 decision](#), one of the most critical elements is climate finance, where small-scale farming communities need accelerated [climate finance](#) support to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change<sup>6</sup>.

- Uphold promises to at least double adaptation finance from 2019 levels by 2025.
- Increase the new post-2025 climate finance goal beyond USD \$100 billion per year from 2025 onwards.
- Advance the establishment of the Global Goal on Adaptation (GGA)<sup>7</sup> with [principles for locally led adaptation](#).

### 2 Channel climate finance towards locally led, gender-equitable, and inclusive solutions:

Farmers experience significant [barriers in accessing climate finance](#). Improving the modalities and instruments used to access climate finance by farming communities is vital. Top-down solutions for adaptation are often [ineffective and unsustainable](#)<sup>8</sup>. Programmes frequently fail to align with the specific priorities and needs of vulnerable communities, resulting in adverse effects on adaptation outcomes and the potential exacerbation of social inequality.

In contrast, locally-led action and financing contribute to improved access, more cost-effective interventions, and increased incomes. This leads to the streamlined delivery of services, and [incentivizes local actors](#) to spend scarce financial resources more effectively<sup>9</sup>.

These principles are affirmed by the [technical dialogue](#) within the [UNFCCC Global Stocktake Report](#)<sup>10</sup>, 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.”

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.

- Simplify access to climate finance sources
- Ensure the delivery of funds to locally-led, [gender-equitable, nature-based and inclusive climate solutions](#) to enhance effectiveness, cost-efficiency, increased incomes and sustainability in the long run.
- Address and [overcome key climate finance barriers](#).

### 3 Provide catalytic climate finance towards PES initiatives:

In the context of small-scale farming, pivotal strategies for ensuring food security and bolstering farmer resilience are intricately tied to [nature-based solutions](#). These encompass practices such as agroforestry, climate-smart and regenerative farming, agroecological principles, and ecosystem-based management<sup>11</sup>. 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<sup>12</sup>.

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 emerges as a pivotal component, providing essential incentives for investments in sustainable agriculture and food production.

To facilitate the broader implementation of such initiatives, there is a pressing need for catalytic climate finance. This financial support plays a crucial role in bridging the investment period for small-scale farmers, ensuring that they can reap the benefits of their sustainable practices. The scalability of these initiatives hinges on the availability of such financing, thereby fostering long-term sustainability and resilience within small-scale farming communities.

- Leverage nature-based solutions like agroforestry and regenerative farming for food security and farmer resilience.
- Use catalytic climate finance to bridge investment periods for small-scale farmers until benefits materialize.

### 4 Establish enabling regulations for natural carbon removals:

Article 6.4 of the Paris Agreement provides a structure for a carbon credit market on which greenhouse gas emission reductions or removals may be transferred internationally. The voluntary carbon market [provides lessons](#) on how this 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.

- Create an enabling regulatory framework to facilitate and encourage investments in nature-based carbon removals and other sustainable agricultural practices
- Ensure such a framework provides land managers and farmers with the needed incentives and rewards for sustainable agricultural practices.
- Take into account lessons from the voluntary carbon market and from the AR CDM.

## 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.

## 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.

## JOIN US FOR CHANGE THAT MATTERS



**Solidaridad**

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