

The Administrator

October 21, 2024

BIFAD Chairman Laurence Alexander Chancellor, University of Michigan-Flint 303 East Kearsley St 221 UPAV Flint, MI 48502-2950

Dear Chairman Alexander:

Thank you for your letter and the recommendations from the Board for International Food and Agricultural Development (BIFAD) report, <u>Operationalizing USAID's Climate Strategy</u> <u>to Achieve Transformative Adaptation and Mitigation in Agricultural and Food Systems</u>. I greatly appreciate BIFAD's vision and the hard work by the BIFAD subcommittee and authors in preparing these materials.

Climate change is second only to conflict in having the greatest impact on global hunger, food insecurity, and malnutrition. The challenge is becoming more acute, especially in areas where USAID works: on average, global agricultural productivity growth is 21 percent lower than it would have been without climate change. In some regions, particularly in Sub-Saharan Africa, the loss of productivity is up to 40 percent. With this drastic decrease in production comes high levels of hunger, child stunting, and extreme rural poverty in the region—making this a challenge of urgent importance for hundreds of millions of people.

USAID is committed to addressing the interconnected crises affecting our climate, food security, and biodiversity. To achieve the ambitions articulated in the <u>U.S. Government Global</u> <u>Food Security Strategy</u>, fulfill our obligations under the Paris agreement, and reach the goals of our 2022–2030 Climate Strategy, we know we must prioritize strategic, targeted investments to address climate challenges in agriculture and food systems. BIFAD's work is a helpful and much-appreciated resource for assisting our Agency in accomplishing this across our vast portfolio of humanitarian and development programs.

My team and I are encouraging USAID to embrace the opportunities presented by these recommendations. Below we offer detailed information curated from over 135 technical staff who participated in developing the Agency's response. We outline where USAID's current work aligns with the recommendations and what commitments the Agency will undertake to facilitate transformations in agriculture and food systems in ways that advance climate adaptation and

mitigation. We have already made significant commitments to food security through initiatives such as our recently launched <u>Feed the Future Accelerator</u>, which will funnel funding from across government, the private sector, and other partners to build climate resilience into agricultural and food systems. And we are ready to build on this momentum going forward.

Thank you again for the timely and thoughtful recommendations. Not only do they emphasize the urgency of this moment, but they also provide crucial inroads for our Agency to address one of the most pressing challenges our world faces today more effectively.

Sincerely,

Samantha Power

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Acronyms

SUMMARY

TACKLING INTERCONNECTED CRISES WITH AMBITION

The interconnected crises affecting our food security, climate, and biodiversity necessitate holistic, transformative shifts in the way we work. Through appropriate, targeted actions, USAID can build on the development gains of the past 60 years and create agriculture and food systems that benefit both people and the planet we share.

The 2023 BIFAD report on <u>Operationalizing</u> <u>USAID's Climate Strategy to Achieve</u> <u>Transformative Adaptation and Mitigation in</u> <u>Agricultural and Food Systems</u> highlights strategic opportunities for USAID to better champion climate action in agriculture and food systems and build on the Agency's broad vision for a resilient, prosperous, and equitable world with net-zero greenhouse gas (GHG) emissions.

USAID is ready to meet the opportunities presented by the BIFAD report. Our Agency collaborates with other U.S. government agencies and partner governments to design policies and programs that advance multidisciplinary approaches to food security and climate action. Across our portfolio, USAID has refined our operations and technical programs to enact sustainable changes that address many of the recommendations included in the BIFAD report. The Agency is also committed to identifying

USAID's Process to Respond to the BIFAD Report

USAID's response draws from existing policies and practices as well as planned initiatives from across the USAID portfolio.

The response process launched in January 2024 with a cohort of working groups led by 21 staff from 10 Bureau for Resilience, Environment, and Food Security (REFS) Centers and Offices. The groups were composed of technical experts nominated by their leadership to participate, and over 135 employees across 10 bureaus were engaged. The working groups assessed each of the 17 components of the report, analyzing content and offering technical responses.

efficient, measurable, and targeted pathways that catalyze our ambitious Climate Strategy goals within agriculture and food systems programming, while simultaneously addressing global food security needs. This summary highlights key components from the Agency's <u>full response</u>.

INTERNAL ALIGNMENT

The BIFAD report confirms the ambitious targets articulated in USAID's Climate Strategy and reinforces key decisions to invest in internal systems that support integration of climate across USAID's portfolio.

The report also challenges USAID to delve deeper into the measurement and evaluation of this work against global trends and targets.

- <u>USAID's Climate Strategy</u> specified six ambitious high-level targets for whole-of-Agency action to build climate resilience and help limit global warming to 1.5 degrees Celsius.¹
- In late 2023, USAID formed the new <u>Bureau for Resilience, Environment, and Food Security</u> (<u>REFS</u>), which emphasizes the links among the Agency's climate and food security portfolios and serves as a focal point—looking across global development strategies and cross-cutting areas—to identify and implement integrated, inclusive solutions to the global crises of food insecurity and climate.
- The Agency included climate context indicators in the Feed the Future (FTF) indicator handbook and is exploring other ways to track FTF contributions to the Climate Strategy's objectives and targets.
- Internal working groups on Low Emissions Agriculture and Food Systems (LEAFS), Methane Integration, and Environmental and Natural Resource Management (ENRM) provide dedicated spaces to consider climate actions strategically in agriculture and food-security programming.

KEY POLICY ENGAGEMENTS

USAID has championed investments in climate action for agriculture and food systems, balancing the global momentum around climate change and agriculture with our commitments to a locally led approach.

- The <u>Global Food Security Strategy</u> (GFSS), recognizing the impact of climate change on smallholder farmers, fisheries, and pastoralists, has prioritized adaptation actions.
- Co-led by the U.S. Department of State and USAID, and bringing together 20 departments and agencies, the <u>President's Emergency Plan for Adaptation and Resilience</u> (PREPARE) initiative is driving increased investment and action for adaptation. Since PREPARE's launch, 34 companies and partners have made voluntary commitments to mobilize more than \$3 billion to invest in climate resilience across 42 countries.
- Launched at the UN Climate Change Conference in Glasgow (COP26) and led by the United States and United Arab Emirates (UAE), the <u>Agriculture Innovation Mission for Climate</u> (AIM for Climate) has already raised over \$17 billion for climate adaptation and mitigation innovation efforts.
- As part of the U.S. commitments to the COP28 UAE Declaration on Sustainable Agriculture, Resilience Food Systems, and Climate Action, USAID works through a number of initiatives such as the Technical Cooperation Collaboration to support country-led action and the <u>Forest Data</u> <u>Partnership</u> to monitor and decrease commodity-driven deforestation.
- USAID's support to partner countries to include agriculture sector-specific adaptation and mitigation measures in their Nationally Determined Contributions (NDCs) and National Adaptation Plans with the <u>Comprehensive Action for Climate Change Initiative</u> and other programs.

¹ Compared to pre-industrial levels.

PORTFOLIO OF PROGRAMMING

The recommendations from the BIFAD report are relevant across the Agency's entire programming portfolio—agriculture, water and sanitation, health, biodiversity, climate adaptation, sustainable landscapes, energy, education, economic growth, democracy and governance, gender, and humanitarian assistance—and USAID is committed to harnessing the potential of cross-sectoral integration to support transformational climate action across these areas.

DRIVING LARGE-SCALE IMPACTS

USAID is responding to the climate crisis with context-specific solutions that balance locally led development, food security, equity, and poverty reduction with our climate goals and our partners' climate commitments and aspirations.

Across the planet, agriculture and food systems contribute one-third of total anthropogenic GHG emissions. Targets can help strategically guide the efforts and resources required to drive these systems toward low-emission and climate-resilient pathways. Our Climate Strategy supports partner country efforts to reduce, avoid, or sequester 6 GtCO₂e by 2030, and the GFSS includes adaptation and mitigation action as an intermediate result.

USAID's approach requires prioritizing low-emission development in areas with potential for globally or regionally significant impacts, such as emissions hotspots, areas projected to have very rapid emissions growth, and areas with high potential for carbon sequestration. The Agency also recognizes the critical need to explore where and how to increase our efforts in the key areas. In regions where USAID's priority is to address food insecurity with increased agricultural productivity, the Agency will support strategies to reduce emissions intensity (i.e., emissions per output).

Adaptation (Target 1). USAID uses indicators (the number of people supported to adapt to the impacts of climate change), targets (Feed the Future performance target of 7.8 million hectares of cultivated land under climate adaptation or climate risk management practices and technologies), and a socioeconomic model developed by the International Food Policy Research Institute (IFPRI) and USAID/REFS to assess the effectiveness of adaptation efforts in agriculture and food systems with disaggregated data on women and rural farm householders. In early 2025, USAID will assess these metrics and the feasibility of an adaptation target for our crosscutting investments in agriculture and food systems to drive action on priority adaptation leverage points outlined in the report. The Agency has committed \$315 million over five years (2021-2025) for research² with the CGIAR (formerly the Consultative group on International Agricultural Research) to support efforts to increase the climate resilience of 200 million smallholder farmers by raising their agricultural productivity 25 percent by 2030.

² Pending Congressional appropriations.

- Mitigation (Target 2). There is an urgent need to transform global systems, including agrifood systems, to support climate change mitigation efforts and USAID is committed to set a methane mitigation subtarget by December 2025. In service of this goal, the Agency is developing a methane measurement and reporting framework and conducting a redesign of a tool used by Missions to determine land-based emission reductions. USAID agrees in principle to set mitigation targets for agrifood systems-related programs and will assess the feasibility of this recommendation while also exploring ways to incentivize other mitigation actions across the Agency.
- Finance (Target 3). The Agency's Climate Strategy aims to mobilize \$150 billion from public and private sources for climate adaptation and mitigation by 2030. In addition, the Agency will leverage investments in the climate-smart agriculture sector (see <u>response to climate finance</u> <u>Leverage Point 2</u>) as well as current programming and policies to balance global needs with an agriculture and food systems finance target.

ALIGNING OPERATIONS TOWARD CORE OBJECTIVES

USAID appreciates BIFAD's recommendations to align the Agency's internal operations to better facilitate the Climate Strategy goals within our agricultural and food security portfolio.

INTEGRATION INTO USAID'S PROGRAM CYCLE

USAID is incorporating climate-related targets in its agriculture and food systems portfolio while exploring ways to track agriculture and food systems contributions to the Climate Strategy (Recommendation I). The Agency outlines expected contributions through Climate Action Plans (Bureaus) and Climate Change Annex updates (Missions). REFS and other USAID/Washington Bureaus provide technical assistance to track progress toward these committed contributions.

Although USAID does not plan to add new climate change mitigation indicators to the agriculture and food systems portfolio at this time, the Agency will focus next steps on identifying and supporting activities that are likely to achieve significant climate change adaptation and mitigation impacts.

USAID promotes climate mainstreaming as a central component of the Agency's <u>Climate Risk</u> <u>Management (CRM) for USAID Projects and Activities</u> and encourages more integrated programming to achieve multiple co-benefits (Recommendation 2). The Agency supports the use of climate data to strengthen Country Development Cooperation Strategies (CDCSs) and activity designs while incorporating CRM and internal, sector-specific guidance into key operational plans and performance reports.

BUILDING STAFF CAPACITY

USAID is strengthening the climate capacity of staff through training and on-the-job support and is exploring ways to further strengthen the integration of climate into agriculture- and food

systems-related activities (Recommendation 3). One such training program, the <u>Practical, InnoVative</u>, <u>On-the-Job Technical Support</u> Climate Champions Practicum (PIVOT CCP), is an internal learning-by-doing, team-based, and output-oriented climate program the Agency runs each year. Through the program, Mission teams learn to improve their proficiency in climate-related technical issues and begin implementing a climate action plan to address Mission priorities, advance USG objectives, and implement the Agency's Climate Strategy.

Moving forward, the Agency will focus on (1) hiring and training staff who will support integration across technical areas and improve communication and coordination across program areas and Bureaus; (2) continuing to advance our progress on diversity, equity, inclusion, and accessibility; and, (3) strengthening staff capacities to pursue multi-sectoral portfolio approaches that accelerate uptake of practical strategies, deliver tangible impacts, and strengthen reporting of adaptation and mitigation outcomes.

MOBILIZING COLLECTIVE INVESTMENT

USAID agrees that increased funding for climate adaptation and mitigation is central to our ambitious objectives and targets. Funding levels outlined in the 2024 and 2025 budget requests highlight these needs. The Agency is taking steps to mobilize climate finance and structure funding strategically through co-funded initiatives and phased approaches (Recommendation 4). Moving forward, USAID will work to improve communications with Bureau and Mission design teams to encourage building climate action and results into the design of agriculture and food systems programs, including FTF programs.

USAID is taking steps to integrate climate adaptation and mitigation more fully in the FTF research portfolio (Recommendation 5). The Agency is working with Missions to implement the <u>2022-2026 U.S.</u> <u>Government's Global Food Security Research Strategy</u> (GFSRS), which advocates for developing and promoting inclusive and equitable uptake of climate-smart technologies, practices, and policies that promote adaptation and also reduce emissions intensity and help conserve natural resources at scale. Going further, USAID aims to strengthen collaboration with private-sector, regional, and local partners to accelerate the transfer and scaling of innovations, information, and best practices gained from research investments. The Agency has plans to launch new agricultural research to directly address improved land management and expanded tree crop production in agricultural lands.

PRIORITIZING LEVERAGE POINTS

USAID is committed to investing resources in high-potential leverage points within agriculture and food systems that drive transformative shifts to net-zero emissions and climate-resilient pathways while achieving Agency food security goals (Recommendation 6). This commitment includes strategic implementation of the Agency's key policies with global significance (Water for the World Act of 2014; Global Food Security Act of 2016; USAID's Multi-Sectoral Nutrition Strategy; USAID's Resilience Policy; USAID's Biodiversity Policy; USAID's Environmental Impact Assessment; and, the USAID Climate Strategy 2022-2030).

As an example of USAID's commitments on leverage points, USAID has made investments to mainstream weather and climate services (WCS) into existing agriculture and food system programming

that can be scaled for greater impact. <u>SERVIR</u> is a partnership with NASA to provide agriculture-related climate information services in more than 50 countries in Africa, Asia, and Central and South America providing satellite data and science collaboration. For nearly four decades, the <u>Famine Early Warning</u> <u>Systems Network (FEWS NET)</u> mechanism has provided objective, evidence-based analysis to plan for and respond to acute food insecurity tied to climate change.

USAID RESPONSE TO BIFAD RECOMMENDATIONS

The following is USAID's response to recommendations made in the 2023 report, "Operationalizing USAID's Climate Strategy to Achieve Transformative Adaptation and Mitigation in Agricultural and Food Systems," prepared by the Board for International Food and Agricultural Development (BIFAD). Each section of the response corresponds to the BIFAD recommendations, which are provided in blue call-out boxes at the beginning of each section above the response.

USAID'S RESPONSES TO PROPOSED AGENCY-WIDE TARGETS FOR AGRIFOOD SYSTEMS INVESTMENTS

The following section outlines USAID's response to the specific suggestions for targets related to adaptation, mitigation, and finance to advance climate action in agriculture and food systems. BIFAD's recommendations are listed in the boxes.

BIFAD PROPOSED TARGET I: ADAPTATION

- Enable the improved climate resilience of at least 180 million people who depend on agriculture for their livelihoods, at least half of whom are women.
 - This target was calculated as a proportion of the Climate Strategy's target of 500 million people based on the percentage of individuals employed in agriculture within the countries where USAID operates.
- USAID should also develop at least one impact-based target to assess the effectiveness of Agency adaptation efforts to reduce global poverty, hunger, and malnutrition.

USAID is working to achieve its adaptation targets and examining an impact-based target.

USAID agrees with BIFAD's recommendation that improved climate resilience is urgently needed, as reflected by the Agency Climate Strategy's overarching adaptation target of supporting 500 million people to improve their resilience by 2030.

USAID agrees in principle with BIFAD that there is a benefit to having an adaptation target to incentivize far-reaching efforts across the Agency's agriculture and food systems efforts. USAID identified a different indicator and recently set a new Feed the Future (FTF) initiative-level target to have 7.8 million cultivated hectares under climate adaptation or climate risk management practices and technologies by 2030 as a result of U.S. government assistance.

With regards to the recommendation to set a new impact target, USAID may be in a position to commit in the future to a target related to poverty reduction. The Agency will need more time to evaluate how to leverage a current modeling approach to identify improved resilience and poverty reduction for specific populations and will reassess in 2025 the possibility of adopting a new target.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- USAID is using standard indicator reporting (EG.11–5: Number of people supported to adapt to the impacts of climate change), FTF Performance Target 3 (hectares of cultivated land under climate adaptive/climate risk management practices, derived from EG.3.2–25), and a socioeconomic model, developed by the International Food Policy Research Institute (IFPRI) and USAID/REFS, to assess the effectiveness of adaptation efforts in agriculture and food systems. These efforts to institutionalize targets and track progress against them align in principle with BIFAD's recommendations.
- USAID has committed \$315 million over five years (2021–2025)—subject to availability of funds—to support the critical work of the CGIAR, a global research partnership for a food-secure future. These investments will support the CGIAR's effort to increase the climate resilience of 200 million people by raising smallholder agricultural productivity in South Asia and sub-Saharan Africa 25 percent by 2030. The CGIAR will reach this target by facilitating the development and dissemination of improved crop varieties and livestock breeds that are resilient to climate change.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- USAID will implement the new FTF hectares target and assess the feasibility of expanding the target to other Agency investments in agriculture and food systems.
- USAID will track and report progress on agriculture and food systems efforts that contribute to the Climate Strategy adaptation target, the CGIAR commitment, and the FTF climate adaptation hectares target.
- FTF will use IFPRI modeling to report disaggregated data on women and rural farm households with strengthened climate resilience.
- After rolling out the new modeling approach for the Climate Strategy adaptation target in 2024, USAID will revisit the utility of additional performance metrics in early 2025. This will include assessing the feasibility of a subsector adaptation target for the Agency's entire crosscutting investments in agriculture and food systems, including but not limited to the FTF initiative, to drive action on priority adaptation leverage points outlined in the report. The Agency will also consider reassessing new metrics under FTF as we begin an in-depth process over the next 18 months to analyze the current results framework and theory of change as part of developing the next <u>Global Food Security Strategy</u> (GFSS).

ADDITIONAL INFORMATION

USAID's modeling approach estimates the reach of Agency programs in strengthening the climate resilience of individuals. It predicts how USAID's interventions affect the probability of income or

consumption reduction across a wide range of potential climate shocks. The monitoring approach makes it possible to set and track adaptation outcomes from agriculture and food systems programs, especially related to livelihoods and gender.

The model disaggregates results, allowing the Agency to estimate progress for key subpopulations, including women and rural farm households. This aligns with USAID's Generating Resilience and Opportunities for Women (GROW) commitment, which focuses on women's empowerment in the food and water sectors. More than \$335 million in fiscal year 2023 funds were committed to GROW through FTF, USAID's water, sanitation, and hygiene (WASH) and adaptation activities. GROW contributes to USAID's goal of doubling investments in gender equality and advances the Agency's recently updated Gender Equality and Women's Empowerment Policy.

BIFAD PROPOSED TARGET 2: MITIGATION

- Reduce emissions from agrifood systems by 1.2 GtCO₂e per year by 2030 while supporting initiatives to avoid net conversion of forests, grasslands, or peatlands to agricultural use. The target is based on the mitigation needed in countries where USAID currently works to stay below a 2°C increase by 2100.
 - The 1.2 GtCO₂e per year emissions reduction target in USAID operating countries includes 0.6 GtCO₂e per year from non-CO₂ on-farm emissions (including a 30 percent reduction in methane emissions by 2030) and 0.6 GtCO₂e per year from the food system supply chain.
- USAID should produce a quantitative methane emissions reduction target for 2030 by the end of 2024.

USAID is setting a methane mitigation subtarget and examining an agrifood systems mitigation target.

USAID agrees that there is an urgent need to transform global systems, including agrifood systems, to support climate change mitigation efforts. While recognizing that some of USAID partner countries' agrifood systems contribute relatively less to climate change than large, industrialized nations, USAID strongly supports efforts that advance "win-wins" or co-benefits that reduce poverty and hunger while supporting countries' pathways to sustainable development. This effort is exemplified in work on reducing food loss and waste, which improves food security and access to nutrient-rich foods that might otherwise perish, while reducing methane emissions. Given the priority for near-term reduction in methane emissions to ensure an average global temperature increase to 1.5°C remains within reach, the Agency agrees with BIFAD's recommendation to set a methane mitigation subtarget by December 2025.

USAID is prioritizing policy and programmatic actions aimed at reducing overall emissions, including from commodity-driven deforestation, and increasing carbon sequestration in agrifood systems. The Agency acknowledges that limited funding and authorities for sectoral programming can constrain its

ability to dramatically catalyze low-emission development pathways in agrifood systems at the pace and scale called for in the report.

USAID agrees in principle with BIFAD's recommendation to set an overall mitigation target for its programming related to agrifood systems. However, BIFAD's proposed target is based on national-level country data and does not account for USAID's subnational programming approaches. By the end of 2025, USAID will assess whether a mitigation target for the Agency's efforts in agriculture and food systems is feasible and explore other ways to incentivize mitigation actions across the Agency.

CURRENT ACTIONS ADDRESSING RECOMMENDATION

- USAID will continue to leverage international partners to reduce global agrifood systems emissions while increasing productivity.
- USAID's integrated approaches to agriculture address urgent food security-related challenges, such as soil health depletion, and build long-term benefits for biodiversity and climate. We will continue to address financing and other constraints to scaling up these approaches.
- The <u>USAID Bureau for Resilience, Environment, and Food Security</u> (REFS), in partnership with other USAID Operating Units (OUs), will continue to identify opportunities for scaling up and layering investments in countries with geographic overlap between existing FTF and sustainable landscapes (SL) programming, as well as in FTF countries with geographic areas that would benefit from integrating SL objectives ("indirect SL") into FTF programming.
- USAID is developing a methane measurement and reporting framework, which includes tools to
 accurately estimate the methane emission baselines and additional methane emissions of relevant
 programs that USAID funds (notably programs aimed at increasing resilience, productivity, and
 efficiency of beef, dairy, and paddy rice production). USAID anticipates its completion by
 February 2025.
- USAID is conducting a redesign of the <u>Agriculture, Forestry and Other Land Use (AFOLU)</u> <u>carbon calculator</u> used by Missions to determine land-based emission reductions, which is anticipated to be completed by September 2025.
- USAID is reviewing Agency reporting related to land-based mitigation and identifying programs with mitigation actions that have not been reported.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

USAID recognizes the urgency of establishing methane mitigation targets and commits to setting the targets, as BIFAD recommended, by the end of 2025. Methane is a highly potent, short-lived climate pollutant, which makes it our best near-term opportunity to reduce global temperatures. Agriculture is an important contributor through livestock, rice cultivation, and food loss and waste. USAID appreciates that the proposed non-CO₂ mitigation target of 0.6 GtCO₂e, which includes methane and other non-CO₂ greenhouse gasses, shows what may be possible to achieve in all USAID partner countries based on projected 2030 total national emission reduction goals for the agricultural sector. USAID's resources and relevant programs in each country can contribute to a portion of the total proposed

target. To set an Agency-wide methane mitigation target proportionate to Agency-relevant policy engagements, resources, and agrifood systems programming, USAID will:

- Conduct a landscape analysis of methane mitigation target setting carried out by other organizations.
- Define a methane mitigation indicator and identify a suite of tools for estimating results.
- Assess the methane mitigation potential through USAID's agriculture programs.
- Analyze current and future funding that could support methane mitigation programs in agrifood systems.
- Identify opportunities for the Agency to mobilize climate finance for methane emissions abatement.

USAID will assess the feasibility of setting an Agency-wide mitigation target for its agrifood systems portfolio that is ambitious, feasible, and based on evidence and learning. This will include assessing whether the use of existing indicators, such as the FTF indicators on use of improved management practices that support mitigation, are sufficient and should be leveraged for use by other programming. The next steps USAID may take in this assessment process include:

- Identify mitigation opportunities at the subnational level, including leveraging existing <u>SL analyses</u> of opportunities in countries.
- Develop a transparent methodology with clearly stated assumptions (including on emissions baselines and the effectiveness of mitigation technologies and practices).
- Assess the agrifood system mitigation potential of countries in the context of their overall Nationally Determined Contribution (NDC) mitigation commitments and alignment with their other development priorities.
- Identify the boundaries of agrifood system value chains (e.g., transport of agricultural commodities) to clarify what USAID will monitor.
- Identify potential third-party context indicators to measure net impacts of USAID programming on subnational-, national-, or global-level emissions beyond current project-level indicators.
- Assess how best to incorporate methods for accurately capturing and tracking all program contributions to climate mitigation without imposing undue burden on the relevant OUs and implementing partners.
- Leverage existing Climate Strategy and internal processes to assess the effectiveness of a range of approaches to tackling climate mitigation in the Agency's portfolio that touch on agriculture and food systems.
- Explore other ways, in addition to targets, to incentivize mitigation action in agriculture and food systems across the Agency.

ADDITIONAL INFORMATION

Under USAID's Climate Strategy, the Agency commits to support partner countries' efforts to reduce, avoid, or sequester 6 $GtCO_2e$ by 2030 and anticipates that its initiatives to promote sustainable agriculture, forest, and land management will substantially contribute to achievement of this target. The

Agency already implements a number of initiatives, such as <u>Amazonia Connect</u> and the <u>Business Case for</u> <u>Collective Landscape Action</u>, that aim to decrease commodity-driven deforestation.

To track the results and extent of sustainable agriculture programming across FTF and the Agency, USAID could use existing FTF indicators for improved management practices that confer climate change mitigation benefits. For example, indicator EG.3.2–25 (number of hectares under improved management practices or technologies) includes a disaggregate for practices that result in climate change mitigation. (See the FTF Handbook for details).

BIFAD PROPOSED TARGET 3: CLIMATE FINANCE

- Mobilize \$36 billion in finance for climate change adaptation and mitigation in agrifood systems, with at least 30 percent of direct financing used for gender- and socially-inclusive investments.
- This target reflects the share of the agrifood sector's global need for finance relative to other sectors, as a proportion of USAID's whole-of-agency target of \$150 billion.

USAID is mobilizing finance for climate action in agrifood systems under existing Agency targets and assessing the feasibility and utility of a sector-specific target.

The Agency agrees in principle with BIFAD's recommendation that mobilizing finance for climate adaptation and mitigation actions is urgent, as demonstrated by USAID's Climate Strategy target to mobilize \$150 billion in public and private climate finance by 2030.

USAID is unable to commit to setting a target for mobilizing roughly \$5 billion per year through 2030 for climate finance related to agriculture and food systems. BIFAD's proposed methodology takes USAID Climate Strategy's goal of \$150 billion as a starting point, then derives the sector target by allocating a proportion in line with the share of that sector's global need. This target-setting approach does not take into account the Agency's historic ability to leverage funds in the sector or current funding and programming related to climate-smart agriculture.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- The Agency has ambitious efforts underway to mobilize finance in the climate-smart agriculture sector (see response to climate finance Leverage Point 2).
- FTF recently adopted a related indicator from the Global Climate Change Indicator Framework (EG.11–4: Amount of investment mobilized [in U.S. dollars] for climate change adaptation as supported by USG assistance) as part of its monitoring and reporting framework. This is an important first step in driving programs to accelerate mobilization of investments for climate-smart agriculture and reporting on our efforts.

FUTURE ACTIONS ADDRESSING RECOMMENDATION

- USAID will continue to assess the feasibility of setting an agrifood systems finance target that considers both global needs and is based on USAID's climate-smart agriculture investments, programs, and policy efforts.
- USAID will assess the extent to which setting a climate finance mobilization target for agrifood systems transformation will significantly motivate new efforts (see response to Recommendation <u>1</u>) to justify the additional tracking and reporting burden.

ADDITIONAL INFORMATION

The bulk of USAID's climate finance mobilization for agriculture and food systems is expected from flagship agriculture programs, including FTF; integrated programming that overlaps with agriculture and food systems; and policy initiatives, such as AIM for Climate, which has mobilized \$17.5 billion in publicand private-sector commitments.

USAID'S RESPONSES TO RECOMMENDED OPERATIONAL CHANGES

The following section outlines USAID's response to the specific suggestions for operational changes related to climate targets, climate expertise, climate investment, and climate research. BIFAD's recommendations are listed in the boxes above each response.

BIFAD RECOMMENDATION I: SET, MEASURE, AND REPORT ON CLIMATE TARGETS

USAID should increase the speed of and accountability for OUs reaching their contributions to Climate Strategy targets. Specifically, USAID should:

- Require OUs to set defined contributions to Climate Strategy adaptation, mitigation, and finance targets by 2024.
- Finalize standardized climate-specific agrifood system indicators and introduce accessible approaches for all OUs to report on them, aggregating adaptation and mitigation benefits across agricultural investments by 2024.
- Track and report on OU-specific progress toward Agency targets across all agricultural activities, not just those with climate funding or a climate objective, by 2024.
- Introduce accountability measures to ensure consistent and comprehensive OU reporting of Climate Strategy indicators, such as budgetary and performance review incentives.

USAID is taking steps to track contributions of its agrifood systems portfolio to the Climate Strategy targets and is exploring the most effective means to strengthen reporting.

USAID has taken steps to implement BIFAD's recommendation to have OUs report on climate-specific agrifood system indicators. USAID/FTF already encourages Missions to report on the climate-related indicators in the FTF indicator handbook (see response to Recommendation 2). FTF has set an initiative-wide performance target of 7.8 million hectares under improved climate adaptive and climate risk management practices.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- USAID consistently emphasizes climate action in its leadership messaging and engagements.
- USAID OUs have outlined their expected contributions to the Climate Strategy's targets through Climate Action Plans (Bureaus) and Climate Change Annex updates (Missions) and are tracking progress against these commitments, including from their agrifood system portfolios.
- Most OUs report their results in their Performance Plan and Report (PPR) or in the <u>Development Information Solution</u>, which allows USAID to track progress toward achieving the expected results. USAID is working continually to improve these systems.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- USAID will identify and support activities most likely to achieve significant climate adaptation and mitigation impacts.
- USAID will analyze existing performance data to determine the extent to which FTF activities are reporting on climate indicators.
- USAID will look for strategic opportunities to integrate climate and FTF programs.

ADDITIONAL INFORMATION

As demonstrated by the Climate Strategy's high-level targets, USAID agrees that setting, measuring, and reporting on targets can incentivize staff to integrate climate objectives into programming and report on climate results. Targets are not, however, the only means of motivating contributions to the Climate Strategy's objectives, which is why USAID appreciates BIFAD's other operational recommendations and emphasizes climate action in leadership messaging.

USAID's nuanced agreement with BIFAD's recommendation to have OUs report on climate-specific agrifood system indicators is based on feasibility. As the BIFAD report notes, USAID emphasizes use of <u>standard climate indicators</u> to report progress against the Climate Strategy's targets. FTF-funded activities typically use different <u>standard indicators</u> to report progress. As noted above, USAID already has a mitigation-related (people and hectares) and several adaptation-related indicator disaggregates in the FTF indicator handbook.

Two existing groups—the LEAFS Advisory Group and Methane Integration Team—have already identified existing agriculture-related activities with potential climate change mitigation benefits. These teams are developing guidance to capture and support measuring and reporting climate change mitigation results.

BIFAD RECOMMENDATION 2: MAINSTREAM CLIMATE IN PROGRAM CYCLE STRATEGY, DESIGN, AND IMPLEMENTATION

- Use climate risk, projection, and impact data throughout the Program Cycle.
- Require climate change adaptation and mitigation objectives in all agrifood system strategy and activity design.
- Require climate data in all Monitoring, Evaluation, and Learning (MEL) plans and Midcourse Stocktaking exercises while deploying strategic evaluations to expand the evidence base.

USAID is advancing integration of climate considerations in the Program Cycle in multiple ways.

USAID agrees with BIFAD's recommendation to mainstream climate considerations in the Agency's Program Cycle. Mainstreaming is central to the REFS methodology as reflected in our new <u>Bureau visual</u>

and USAID's approach to advancing the Climate Strategy writ large and the principal purpose of USAID's <u>Climate Risk Management (CRM) for USAID Projects and Activities</u>.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

As part of our ongoing efforts, USAID will continue to:

- Improve implementation of USAID's CRM policy.
- Improve the uptake of internal sector-specific guidance and examples for incorporating climate change in Operational Plans, new designs, and PPRs.
- Support use of climate data to strengthen CDCS development and activity designs (e.g., using <u>country-specific climate analytic profiles</u> and <u>publicly available climate risk profiles and GHG</u> <u>emissions factsheets</u>).
- Encourage more integrated programming across technical sectors to achieve multiple co-benefits.
- Enhance MEL initiatives by integrating climate considerations with FTF and other sector indicators, including climate indicators (see response to Recommendation 1).
- Apply findings from the required U.S. Foreign Assistance Act (FAA) 118/119 Tropical Forests and Biodiversity Analyses to identify nature-related risks to development and opportunities for cross-sectoral collaboration.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

• See <u>response to Recommendation 1</u> for future action related to consideration of climate indicators in FTF activities.

ADDITIONAL INFORMATION

USAID supports the use of climate data to strengthen CDCS development and activity designs by:

- Working systematically to integrate climate-related data to inform decision making in each stage of the Program Cycle for agrifood system investments, balancing short-term needs (especially food security) with long-term resilience and considering the co-benefits and tradeoffs associated with USAID multi-sectoral strategies.
- Expanding utilization of climate projections to inform the design of agrifood system investments to ensure long-term viability.
- Identifying climate-resilient agricultural practices and technologies that align with long-term sustainability goals.

USAID addresses the biodiversity and climate crises together, which are linked in both their drivers and solutions. For example, deforestation contributes to both biodiversity loss and climate change, while conserving ecosystems of high ecological integrity stores large amounts of carbon and provides cooling effects that moderate local and global climate. Throughout the Program Cycle, USAID works to:

- Manage climate risks to species and ecosystems through climate-resilient biodiversity programming approaches that take into account climate change's direct impacts on biodiversity and indirect impacts on drivers of biodiversity loss.
- Elevate nature-based solutions that store and sequester carbon (e.g., forest and mangrove conservation) and that improve the climate resilience of human communities and reduce disaster risk (e.g., green infrastructure).
- Consider and manage tradeoffs between climate mitigation interventions (e.g., in the energy sector) and biodiversity conservation, as these arise.

USAID's <u>Health, Ecosystems, and Agriculture for Resilient, Thriving Societies</u> (HEARTH) program is an example of integrated programming consistent with BIFAD's mainstreaming recommendation. HEARTH comprises 17 activities working in 12 countries to conserve high-biodiversity landscapes while simultaneously improving outcomes across sectors, including natural resource management, climate change mitigation and adaptation, emerging infectious disease control, maternal and child health, voluntary family planning, nutrition, farming, economic growth, energy, and governance. This work leverages more than \$90 million in support from private-sector partners.

Another example of USAID's climate mainstreaming efforts is USAID/REFS's approach to ensure its activities align with USAID's Program Cycle Operational Policy (ADS 201) requirements and Bureau guidelines. Through continuous evaluation and analysis of programmatic and financial performance information, REFS ensures that resources are directed toward activities that take an inclusive approach to solving today's most pressing issues, including food insecurity and climate change. REFS monitors and analyzes impact indicators in conjunction with Agency development objectives to inform country strategies and program implementation practices for maximum impact and efficiency.

BIFAD RECOMMENDATION 3: BUILD CLIMATE EXPERTISE

USAID should accelerate fulfilling its commitments on climate-related staffing in the Climate Strategy by:

- Assessing staffing needs and gaps.
- Increasing training (including mandatory technical training), technical assistance, and overall staffing for Missions on climate risks, adaptation, and mitigation opportunities, and on climate-related analysis and measurement.
- Expanding opportunities for Missions to share expertise, experience, and lessons learned related to the integration of climate, climate measurement, and reporting.
- Acknowledging and celebrating climate champions who drive action within the Agency through awards and recognition programs.

USAID is strengthening the climate capacity of staff in multiple ways.

USAID agrees with BIFAD's recommendation that to operationalize the Climate Strategy, all staff should have a basic understanding of climate change and its effects on international development.

In addition, staff engaged in strategic planning and programming should be able to:

- Effectively integrate climate objectives and actions across the Agency's portfolio, including in agricultural programs.
- Report results using standard climate indicators.
- Adaptively manage programs to achieve significant results.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- USAID is promoting climate learning that is tailored to diverse staff needs and offers 12 climate courses through our training system.
- USAID is developing a new agriculture and climate course and planning a climate equity training. Several OUs—including the Bureau for Humanitarian Assistance; Bureau for Democracy, Human Rights, and Governance; and Center for Education—are also incorporating climate elements in their respective staff training.
- USAID runs the Practical, InnoVative, On-the-Job Technical Support (PIVOT) program annually. PIVOT is an internal learning-by-doing, team-based, equity- and output-oriented training and technical assistance program focused on climate and mobilizing related finance. USAID is prioritizing this team approach and phased repetition because <u>evidence</u> shows that these elements are most effective in strengthening proficiency.
- In addition to PIVOT, USAID offers several other climate-related trainings, and some are available externally on <u>ClimateLinks</u> for implementing partners.
- USAID/Washington convenes bimonthly climate leadership calls with Missions and monthly webinars (e.g., on climate finance and climate and gender) and maintains robust knowledge management platforms and fora for internal communications.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

USAID is consistently looking for opportunities to:

- Assign new Foreign Service Officers to priority assignments to increase the Agency's climate capacity (USAID hired seven new Environment Officers in 2023).
- Hire and train staff who will support integration across technical areas to improve communication and interactions among agriculture, climate, and other program areas, and across Bureaus.
- Emphasize diversity, equity, inclusion, and accessibility in hiring and across the USAID employee lifecycle.
- Strengthen staff capacities to pursue multi-sectoral portfolio approaches for climate that accelerate uptake of practical strategies, deliver tangible impacts for both agriculture and food security and climate programs, and strengthen reporting of adaptation and mitigation outcomes.

BIFAD RECOMMENDATION 4: INCREASE CLIMATE INVESTMENT

Increase investment levels and flexibility for climate adaptation and mitigation in agricultural and food security programming through:

- Longer or phased funding (beyond five-year cycles).
- Stronger collaboration and co-funding with other U.S. federal agencies, including:
 - Integrated and complementary investments across Mission portfolios with other in-country U.S. government agencies.
 - More flexible, headquarter-based, global funding to align with the U.S. International Development Finance Corporation's (DFC) broader geographic scope and short investment timelines; and funding to de-risk DFC's agricultural investments in riskier, high-impact investments.
- Investments in the enabling environment for adaptation finance.

USAID is taking strategic steps to mobilize climate finance and advance programs that integrate agrifood systems and climate objectives.

USAID agrees with BIFAD's recommendation that increased funding for climate adaptation and mitigation in agricultural and food security programming is central to achieving the Agency Climate Strategy's ambitious objectives and targets and addressing global hunger.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- USAID continues to design and implement integrated programs that achieve FTF, water, climate, and other objectives.
- USAID's Climate Finance for Development Accelerator is launching a <u>Nature-Based Solutions</u> for <u>Agricultural Resilience window</u> to mobilize commercial finance that supports climate- and nature-positive agricultural production models.
- USAID is exploring ways to mobilize climate finance, including from the Green Climate Fund and carbon markets, that also supports agriculture and food-security programming.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- Improve communications to Bureau and Mission design teams to:
 - Encourage the design of agrifood systems programs that contribute to climate action and results.
 - Clarify that FTF programs can contribute to climate change objectives as long as the primary focus is on achieving <u>GFSS</u> objectives.
- Seek opportunities to mobilize finance through agricultural subsidy reforms that redirect some of the nearly \$640 billion spent annually on subsidies toward climate-smart agriculture.

• Develop internal operating guidance for implementing climate finance activities and communicate to design and procurement teams what is appropriate when leveraging and incorporating private finance into development programming.

ADDITIONAL INFORMATION

Although increased funding for climate adaptation and mitigation is central to achieving the Agency Climate Strategy's objectives and targets, appropriations for climate and food security are provided by the U.S. Congress. USAID also must program appropriated funds according to Congress's intent. While not all of the Agency's work on agriculture uses FTF funding, all FTF-funded programs must meet the objectives of the U.S. Government Global Food Security Act and the GFSS.

Many Missions already implement integrated programs that achieve FTF, climate, and other objectives. Similarly, while the duration of programs is constrained (both by law and Agency rules), USAID is exploring other ways to exercise flexibility, such as designing mechanisms with a longer period of performance and provisions for "on-ramping" new partners, and layering and sequencing activities over time and space to achieve climate-positive transformations in agrifood systems.

USAID is already exploring the potential to mobilize climate finance for agrifood systems, including through carbon markets. For example, several Missions are supporting partner governments by developing roadmaps and legal frameworks for carbon markets. USAID also recently created a full-time Carbon Markets Advisor position. USAID is balancing its work on carbon markets with other approaches for mobilizing climate finance.

USAID regularly seeks opportunities to collaborate with the interagency, as well as with other donors. For example, the Agency works closely with the DFC to originate new transactions that have strong food security, climate, and other development impacts. Additionally, USAID actively explores interagency collaboration opportunities, including with the Department of State, Department of the Treasury, Millennium Challenge Corporation, Department of Commerce, and Department of Agriculture.

USAID already routinely explores ways to partner with private companies and leverages these relationships to help financial institutions (and other donors) increase lending for climate-resilient agriculture loans (or grants) and shape policies in these institutions to facilitate their investments in agriculture and food security.

BIFAD RECOMMENDATION 5: FUND CLIMATE RESEARCH

The Agency's agricultural research portfolio should increase investment in the following climate-focused research priorities:

- Longer-term focus on food security pathways and climate-resilient agricultural production.
- Maximizing agrifood system co-benefits for climate adaptation and mitigation, biodiversity conservation, and natural resources management, including through governance and market-based approaches.
- Systems and behavioral change, including governance and markets.
- Partnerships, including with communities, local universities and institutes, and the private sector.

USAID is more fully integrating climate considerations, especially adaptation needs of farmers, in the FTF research portfolio.

USAID agrees with BIFAD's recommendation to improve coordination and collaboration across the Agency to better align research agendas in response to changing climate risks and Mission needs.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- USAID is increasing investments to achieve key climate-related research objectives as outlined in the 2022-2026 U.S. Government's <u>Global Food Security Research Strategy</u> (GFSRS).
- USAID/Washington Bureaus actively collaborate with Missions to define research and analytic needs relevant to their programming.
- USAID leverages the expertise of other U.S. government agencies and departments through a whole-of-government approach to achieving the goals of the GFSRS.
- USAID works with minority-serving institutions and other organizations that serve populations underrepresented in the agriculture and natural resource sectors to promote awareness and action toward building resilience to climate-related challenges.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- USAID will strengthen collaboration with private-sector, regional, and local partners to accelerate the transfer and scaling of innovations, information, and best practices gained from research investments.
- USAID will expand the topical breadth of the FTF Innovation Lab portfolio (see details below).

ADDITIONAL INFORMATION

In 2025—subject to availability of funds—USAID/REFS plans to launch new agriculture research and programming efforts, expanding the portfolio of investments focused on sustainably intensifying agricultural production and reducing and reversing deforestation. These investments will aim to improve

agricultural productivity while reducing negative environmental impacts in agricultural lands, including support for activities such as:

- Integrated water and soil management.
- Nutrient-dense and climate-resilient crop improvement and value chain development targeting rainfed agricultural systems.
- Greater integration of perennial crops into agricultural landscapes.
- Holistic risk management approaches.

As mentioned in public discussions with BIFAD, the proposed investments include agriculture research that seeks to:

- Understand behavior change needed for the adoption of new practices.
- Expand the use of perennial crops, trees, and shrubs to increase the climate adaptation and mitigation potential of farming systems.
- Increase crop nutrient and water-use efficiency.
- Reduce soil erosion and degradation.
- Improve ecosystem and watershed health.

USAID will continue to leverage interagency expertise to achieve the goals of the GFSRS. For example, USAID collaborates with USDA's Agricultural Research Service to address the emerging threat of Fusarium Head Blight in wheat in East Africa.

USAID Missions are critical to achieving the goals of the GFSRS. Bureaus actively collaborate with Missions to define research and analytic needs relevant to their programming. For example, the Africa Bureau often issues calls for expressions of interest from Missions on research to tackle climate-related challenges, such as those related to climate information services. Based on these efforts, USAID will support research on bundling interventions that provide farmers (and others in the food system) access not just to climate-resilient seeds, but also innovative finance, microinsurance, and tailored and actionable subseasonal climate information services.

BIFAD RECOMMENDATION 6: INVEST IN HIGH-POTENTIAL LEVERAGE POINTS

USAID should invest more resources in eight high-potential leverage points within agrifood systems that drive transformative shifts to net-zero emissions and climate-resilient pathways while achieving Agency food security goals. Specifically, USAID should:

- 1. Empower Women, Youth, and Other Underrepresented Groups to Drive Locally Led, Climate-Resilient Agrifood Systems
- 2. Increase Finance for Climate Adaptation and Mitigation and Expand Its Inclusivity
- 3. Enable the Use and Sustained Provision of Weather and Climate Services
- 4. Partner with and Strengthen Local Research and Development Systems
- 5. Expand Integrated Soil and Water Resources Management
- 6. Expand Integrated Forest and Agricultural Land Management
- 7. Reduce Livestock Emissions while Increasing Production Efficiency
- 8. Reduce Food Loss and Waste

BIFAD RECOMMENDATION ON LEVERAGE POINT I: EMPOWER WOMEN, YOUTH, AND OTHER UNDERREPRESENTED GROUPS TO DRIVE LOCALLY LED, CLIMATE-RESILIENT AGRIFOOD SYSTEMS

- Remove structural barriers impeding underrepresented groups' participation and leadership in climate-resilient agrifood systems.
- Elevate Indigenous knowledge.
- Increase gender-disaggregated data, analysis, and evidence of gender equality investment impacts in climate change focused agrifood system interventions.

USAID is driving locally led climate-resilient agrifood systems through the empowerment of women, youth, and underrepresented groups.

USAID strongly agrees with BIFAD's recommendation and has internal plans, commitments, and incentives that are driving investments, research, policy change, and transformative climate action in agrifood systems with partners.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

As outlined in the Localization Vision and Approach Paper, USAID is advancing localization by: 1) adapting policies and programs to foster locally led development, 2) shifting power to local actors through an inclusive development lens, 3) channeling funding directly to local partners,

and 4) participating in advocacy and providing thought leadership (see the <u>response to Leverage</u> <u>Point 4</u> for more information).

- USAID is enabling focused and coordinated action that empowers women as drivers of locally led, climate-resilient agrifood systems under existing programmatic and policy efforts. Two key lines of effort are: 1) USAID's GROW commitment and 2) the USAID Action Plan for the National Strategy on Gender Equity and Equality Goal 6 (see additional information below for more details).
- USAID's climate research investments emphasize locally led, inclusive, and gender-responsive innovations. For example, USAID supports efforts such as an <u>AIM for Climate Gender</u> <u>Innovation Sprint</u> to accelerate climate-smart agricultural innovations and respond to needs of women across agrifood systems.
- USAID is investing in high-quality data at the intersection of agrifood systems, inclusion, and locally led development to inform program and policy priorities and advance accountability.
- The GFSS elevates equity and inclusion as a priority area "to successfully adjust and pivot in a constantly changing global landscape including the threat of climate change" and is producing cross-cutting intermediate results strengthening women's and youth empowerment as well as local actor capacity for "improved human, organizational, and system performance."
- USAID is working to implement its plan for embedding gender action throughout our portfolio.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- USAID invests in metrics and data collection to monitor gender integration and related outcomes in climate policy and programs, with a focus on agrifood systems. Through the collection of more multi-dimensional disaggregated data, USAID seeks to bring greater nuance to its understanding and analysis of localization.
- USAID will advance an intentional focus on integration of Indigenous Peoples and local communities' experiences and knowledge to strengthen programs.
- USAID/REFS and USAID's Bureau for Inclusive Growth, Partnerships, and Innovation's Inclusive Development Hub will work to advance the meaningful inclusion of Indigenous Peoples in climate mitigation and adaptation in agrifood systems.
- USAID will continue to invest in program and policy efforts to empower women, youth, and other underrepresented groups in an effort to drive locally led, climate-resilient agrifood systems (see examples under additional information below).

ADDITIONAL INFORMATION

Last year, USAID launched GROW, which includes a commitment to direct up to \$335 million to address the urgent challenges that women face across agrifood and water systems, including adapting to climate change. GROW, which aims to accelerate evidence-based and gender-responsive programming to address key disparities and structural challenges in these sectors, actually exceeded its \$335 million target in fiscal year 2023, reaching \$457.6 million. The USAID Action Plan for the National Strategy on Gender Equity and Equality (2022–2025) Goal 6 focuses on supporting women's and girls' improved climate resilience and their meaningful participation in and leadership of gender-responsive climate action in at least five partner countries to further systemic change. To achieve Goal 6, training is being designed for USAID Missions on gender integration in climate and environment programming. USAID recognizes that only <u>0.04 percent of climate-focused official</u> development assistance had gender equality as a principal objective and works to address this through the <u>Climate Gender Equity Fund</u>, which provides dedicated incentive funding available to Missions.

Additionally, USAID programmatic and policy actions are focused on advancing BIFAD's Leverage Point I recommendation. For example, the Gender Responsive Agricultural Systems Policy program works with mid-career African women in the policy field to design and implement gender-responsive agricultural policies, many specifically promoting a stronger enabling environment for climate-smart agriculture across Africa. USAID also supports the development of Climate Change Gender Action Plans between governments and local women-led organizations, informing national climate and sectoral policies.

BIFAD RECOMMENDATION ON LEVERAGE POINT 2: INCREASE FINANCE FOR CLIMATE ADAPTATION AND MITIGATION AND EXPAND ITS INCLUSIVITY

- Catalyze inclusive public and private finance, linking local production systems to international financial markets.
- Support country-led efforts to develop bankable pipelines of inclusive agrifood systems climate finance projects.
- Build the capacity of national institutions to directly access climate finance that builds agrifood system resilience.
- Partner with financial institutions to incentivize investment and de-risk adaptation and mitigation products and services.
- Strengthen oversight bodies to standardize an approach to measure and value the impact of climate finance across heterogeneous contexts.

USAID is taking strategic steps to advance finance for inclusive climate adaptation and mitigation.

USAID agrees with the BIFAD recommendation to advance climate adaptation and mitigation by increasing public and private finance, deploying diverse financial instruments, and strengthening the capacity of financial institutions.

The Agency concurs with BIFAD's recommendation to advance opportunities for small- and medium-sized enterprises (SMEs) to access finance and support inclusive carbon markets.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- In 2024, USAID launched the <u>Financing Agricultural Small and Medium Enterprises in Africa</u> (FASA) Fund focused on supplying first-loss capital to investment funds that will lend to, or invest in, agri-SMEs in Africa. Climate is a cross-cutting theme in FASA, and USAID is working with the fund manager to assess the incorporation of adaptation finance targets.
- USAID has established diverse partnerships with lenders, investment funds, and other stakeholders to accelerate climate finance. Collaboration with other U.S. government agencies (in particular, the DFC) has resulted in the deployment of more than \$2 billion advancing climate-smart agriculture and food systems over the past three years.
- USAID is tackling barriers to increase public and private financing for adaptation and mitigation by supporting project pipeline development, enabling environments, and metrics.
- The Agency is investing in programming that addresses barriers to finance in agrifood systems for climate action through support to governments and the private sector, especially strengthening the capacities of agri-SMEs. Some examples include:
 - The <u>Sustainable Banking Alliance</u>, which is developing capacity for local financial institutions to operate in the green investment space.
 - The <u>Sustainable Landscape Ventures</u>, which is supporting the development of two new impact investment funds in Mexico to provide low-cost loans to smallholder farmers to implement sustainable land management practices.
 - <u>Aceli Africa</u>, an incentive facility, which added an adaptation finance indicator in 2024 that will encompass loans to agri-SMEs that meet its climate-smart agriculture and/or food security "impact bonuses."

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- The <u>Climate Finance for Development Accelerator</u>—which advances climate-smart agriculture finance activities—will work to mobilize \$2.5 billion via market-oriented climate solutions in the next five years, drawing on a projected \$250 million in technical assistance and concessional finance from USAID.
- USAID's <u>support</u> for <u>Acorn's Sustainable Agroforestry Fund</u> will work to mobilize \$100 million to unlock access to carbon markets and build the climate resilience of smallholder farmers.
- USAID will continue to assess and address both the supply- and demand-side challenges associated with high-integrity carbon markets by:
 - Strengthening standards, transparency, and market integrity
 - Working with private-sector and civil-society initiatives
 - Promoting credited activities with robust safeguards to support inclusive sustainable development
 - Supporting approaches that provide critically needed finance to local communities
 - Lowering barriers to entry, including high transaction costs

ADDITIONAL INFORMATION

USAID operates in many countries that have high credit risk, high debt burden, and often high political

and social instability, which can make it difficult for global commercial lenders to enter the market or increase their climate-smart agriculture and agribusiness loan portfolios. USAID addresses these constraints through a variety of means, working on both the supply and demand side of finance, on policy reforms, tools, financial incentives, technical support, and capacity building.

BIFAD RECOMMENDATION ON LEVERAGE POINT 3: ENABLE THE USE AND SUSTAINED PROVISION OF WEATHER AND CLIMATE SERVICES (WCS)

- Invest in public and private climate services that prioritize user needs.
- Equip agricultural stakeholders and end users to act on the basis of climate services.
- Improve agricultural productivity and resilience through the use of time-sensitive information, including early warning systems for humanitarian response.

USAID is mainstreaming **WCS** into agriculture and food systems programs.

USAID concurs with BIFAD's recommendation to enable the use and sustained provision of WCS.

CURRENT ACTION TO ADDRESS RECOMMENDATION

USAID invests in multiple WCS to support efforts in agrifood systems. Key examples include:

- SERVIR: Through its partnership with NASA, USAID is providing a wide range of agriculture-related climate information services, including analytics of crop impact models at relevant temporal scales to support on-the-ground decisions.
- FEWS NET: USAID is delivering objective, evidence-based analysis to help government decision makers and relief agencies plan for and respond to acute food insecurity tied to climate change.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- USAID will scale existing WCS programs to reach and build the resilience of an additional five million people, subject to availability of funds.
- USAID will work to further mainstream WCS in planning, design, and implementation of FTF and agrifood system programming and take a systems approach to expand and modernize climate services and further convene relevant partners.
- USAID will further assess where to invest in complementary private-sector products and services to advance WCS application for food systems.

BIFAD RECOMMENDATION ON LEVERAGE POINT 4: PARTNER WITH AND STRENGTHEN LOCAL RESEARCH AND DEVELOPMENT SYSTEMS

- Strengthen National Agricultural Research Systems, including public research institutes, universities, private and public experiment stations, and laboratories.
- Build understanding of climate risks at a local level, feeding into mitigation and resilient adaptation efforts.

USAID is actively partnering with and strengthening local research and development.

USAID concurs with BIFAD's recommendation to empower local stakeholders throughout the implementation of climate adaptation research and to consider scalability during early stages of research inception.

The Agency agrees with BIFAD's recommendation to: 1) invest in nutritious, climate-resilient Indigenous crops and 2) improve engagement around Indigenous and local knowledge-informed practices and technologies.

CURRENT ACTION TO ADDRESS RECOMMENDATION

- The Agency is developing and applying a structured Product Life Cycle (PLC)-based research management approach (see Figure 2 in the <u>GFSRS</u>) that actively engages relevant local scaling partners from the earliest stages of research inception through subsequent testing, refinement, and ultimately scaling of research outputs.
- With leadership from the Innovation to Impact (i2i) team under the FTF Innovation Lab (FTF IL) for Soy Value Chain Research, an initial cohort of FTF IL and other research partners are currently piloting PLC tools.
- USAID is working with other donors to support adoption of similar PLC-based approaches across CGIAR research program management.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- By 2025, USAID aims to direct a quarter of its funding directly to local partners.
- By 2030, in at least half of its programs, USAID seeks to promote space for local actors to exercise leadership over priority setting, activity design, implementation, and defining and measuring results.

ADDITIONAL INFORMATION

BIFAD's recommendation on empowering local stakeholders and considering scalability during early stages of research inception aligns with:

- The <u>GFSS</u>, which emphasizes local leadership and ownership as a core principle for research investments (p. 12).
- The <u>USAID Climate Strategy</u>'s foundational principle of locally led development, which commits USAID to sustainable and equitable climate actions that are locally led, owned, and implemented and to support that is tailored and context appropriate.
- The <u>Global Food Security Research Strategy</u>, which highlights scaling oriented research as a core principle (p. 13) and aligns with BIFAD's recommendation to consider scalability and delivery pathways during early stages of research inception.

In November 2021 at COP26, USAID announced its endorsement of the <u>Principles for Locally Led</u> <u>Adaptation</u>, a set of eight principles co-developed under the Global Adaptation Commission and endorsed by more than 120 governments, leading global institutions, and local and international NGOs.

With respect to BIFAD's recommendation to invest in nutritious, climate-resilient indigenous crops, USAID initiated \$30 million of new crop improvement activities in support of the Department of State-led Vision for Adapted Crops and Soils (VACS), which aims to foster more resilient food systems by developing diverse, climate-resilient crop varieties and building healthy soils. Consistent with BIFAD's recommendation, the new VACS crop activities build on USAID's prior \$70 million in soil fertility-focused VACS-related programming in order to build local systems capacity across research, seed-system, sustainable production, and marketing objectives for prioritized "opportunity crops."

Please see <u>USAID's response to Leverage Point I</u> regarding BIFAD's recommendation on improved engagement around Indigenous and local knowledge-informed practices and technologies.

BIFAD RECOMMENDATION ON LEVERAGE POINT 5: EXPAND INTEGRATED SOIL AND WATER RESOURCES MANAGEMENT

- Improve soil quality and health, water preservation, erosion mitigation, nutrient circulation, and biodiversity.
- Facilitate better water management and irrigation, erosion control, and sound fertilizer application.
- Study and build on Indigenous soil health and broader food systems practices.

USAID is taking strategic steps to integrate and expand soil and water resources management.

USAID commits to expand support for integrated soil and water resources management.

USAID agrees that sustainable management of water and soil resources is essential to improving the efficiency and management of agricultural systems, especially rainfed systems, for multidisciplinary benefits across productivity, profitability, climate adaptation and mitigation, and human health outcomes.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- USAID has numerous ongoing investments in soil and water resource management, as well as policy efforts to expand soil health initiatives especially in Africa and notably at the <u>2024 Africa</u> <u>Fertilizer and Soil Health Summit</u>.
- USAID is actively exploring opportunities across its development and humanitarian portfolios to expand integrated soil and water resources management approaches that improve climate adaptation and mitigation.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- Subject to availability of funds, a new FTF Innovation Lab on Climate-Resilient Sustainable Intensification will launch in 2024, which will utilize a circular bioeconomy framework to identify opportunities to enhance soil carbon and improve water-use efficiency.
- Subject to the availability of funds, USAID/REFS plans to launch new agriculture research and programming efforts in 2025 focused on:
 - Integrated water and soil management
 - Nutrient-dense and climate-resilient crop improvement and value chain development targeting rainfed agricultural systems
 - Perennial tree crop utilization and improvement
- USAID is developing a range of financial services mechanisms—such as FASA (<u>see response to</u> <u>Leverage Point 2</u>)—that will increase access to financial services supporting climate resilience through improved natural resource management.

ADDITIONAL INFORMATION

All of the proposed FTF ILs will contribute to objectives in improving soil and water management for greater climate resilience, improved livelihoods, and food and nutrition security.

USAID is investing in climate-smart agriculture and food systems approaches such as:

- Regenerative and climate-smart agriculture
- Improved rangeland management
- Green water management
- Scaling of systems impacts of integrated soil and water management across multiple levels (e.g., field, farm, landscape/catchment)
- Incorporation of Indigenous soil and water management knowledge
- Strengthening of locally led capacity to improve water and soil security and health
- Improved catchment-level water governance
- Biodiversity conservation from farm to landscape levels

- Integration of payments for ecosystem services (including carbon credit payments)
- Strengthening of climate change adaptation and mitigation through integrated soil and water management

BIFAD RECOMMENDATION ON LEVERAGE POINT 6: EXPAND INTEGRATED FOREST AND AGRICULTURAL LAND MANAGEMENT

- Strengthen land-use governance.
- Reduce the conversion of natural ecosystems for agriculture. Integrate trees and tree crops into agricultural land.
- Improve information on land-use change and the effect of agriculture supply chains on land use.

USAID is advancing the expansion of integrated forest and land-use governance.

USAID concurs with BIFAD's recommendation that integrated forest and agricultural land management is a key leverage point for achieving transformative climate action in agrifood systems.

USAID also agrees that immediate action is needed in regions with high rates of deforestation and large areas of at-risk forests (e.g., the Amazon, Central Africa, the Mekong, and Indonesia).

CURRENT ACTION TO ADDRESS RECOMMENDATION

- USAID will continue leveraging opportunities to engage in relevant national, regional, and international policy dialogues and support capacity building to implement low-emissions development policies.
- USAID is working to improve land-use governance and agricultural productivity, including in the critical landscapes mentioned above (also see <u>response to Leverage Point 7</u>).
- USAID is supporting efforts to increase traceability in key commodity supply chains.
- USAID is developing operational policy on the management of land and resource use changes to ensure potential impacts are considered and evaluated during decision making.

FUTURE ACTION TO ADDRESS RECOMMENDATION

- USAID plans to expand the topical breadth of its FTF IL portfolio—subject to availability of funds (see also <u>response to Recommendation 5</u>)—with the aim of sustainably intensifying agricultural production and combating deforestation.
- USAID will explore integrated mechanisms to support the coupling of sustainable agricultural intensification with effective landscape management policies and governance. Initially, USAID will focus on four areas: sustainably intensifying agricultural production and reducing deforestation;

strengthening land governance; improving traceability; and strengthening legal and policy frameworks.

ADDITIONAL INFORMATION

Integrated forest and agricultural land management are foundational to the Agency's goals and strategies related to climate, food security, nutrition, and biodiversity, tackling drivers of systemic change in agrifood systems and landscapes. USAID has historically invested in these areas and will continue to make investments that strengthen synergies between food-security and climate goals broadly, including those related to forest, water, and soil conservation. The GFSS emphasizes the need to reduce poverty, hunger, and malnutrition while addressing the climate crisis, which includes halting deforestation where possible.

The USAID Climate Strategy calls for USAID to reduce deforestation and increase forest restoration in commodity supply chains, promote sustainable, productive landscapes that meet climate, biodiversity, and food security goals. Key examples of USAID's investments in improving the traceability of key commodity supply chains include the USAID/REFS Forest Data Partnership and the Business Case for Collective Landscape Action, and USAID/South America Regional Amazonia Connect activities.

BIFAD RECOMMENDATION ON LEVERAGE POINT 7: REDUCE LIVESTOCK EMISSIONS WHILE INCREASING PRODUCTION EFFICIENCY

- Clarify methane emissions reduction commitments and frame them as a priority outcome rather than a co-benefit.
- Improve livestock production efficiency.
- Prevent cattle-driven deforestation.

USAID is lowering livestock emissions and enhancing production efficiency.

USAID agrees with BIFAD's recommendation to make explicit the Agency's commitment to address methane emissions from livestock systems and is exploring the appropriate approach, recognizing that different funding streams have different objectives.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- USAID's newly established <u>Methane Integration Team</u> is developing a monitoring framework to support the Agency's methane emissions reductions commitments (see <u>Mitigation target</u> <u>response</u>).
- USAID's sustainable, low-emission livestock approach focuses on enhancing livestock productivity in conjunction with improved landscape and jurisdictional governance to prevent unsustainable land-use change. Improved feed and fodder, together with animal health and other

measures, can improve livestock productivity while reducing methane emissions. USAID is promoting better fodder as part of a package of measures, exemplifying a co-benefit approach recommended by BIFAD.

- USAID will continue to promote sustainable, healthy diets, including through exploring more circular economy approaches that reduce food loss and waste, including in the dairy and livestock sectors.
- USAID supports livestock-associated methane emissions reduction through several structures: LEAFS Advisory Group, the ENRM Sustainable Food Systems Group, and the Methane Integration Team.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

- As part of the methane abatement target-setting process, the Agency will tailor its commitments to the agro-ecological context, socioeconomic dynamics, and development status of partner countries.
- USAID will strengthen emission measurement to underpin evidence-based decision making and promote learning and progressive programming improvement.

ADDITIONAL INFORMATION

USAID recognizes the potential tradeoffs between reducing GHG emissions and advancing other development objectives. Accordingly, USAID/REFS programming seeks to balance these outcomes through a sustainable, low-emission livestock production approach with consideration of geography-specific opportunities for synergy. Increasing livestock productivity leads to substantial development and food security co-benefits, in line with the GFSS, and reductions in emissions intensity. In turn, reductions in emissions intensity supported by good policy and regulatory frameworks can have a land-sparing impact with associated reductions in deforestation. See <u>response to Leverage Point 6</u> for more on USAID's commitment to couple its support for increases in livestock productivity with improved landscape and jurisdictional governance.

As noted above, USAID has established several structures to support the tiered approach across agrifood systems programming. These structures provide critical platforms through which Mission and partner engagement takes place. They also will be leveraged to support Agency methane target-setting and related measurement systems strengthening efforts.

BIFAD RECOMMENDATION ON LEVERAGE POINT 8: REDUCE FOOD LOSS AND WASTE (FLW)

- Refocus FLW reduction efforts on climate change impacts.
- Improve FLW research that accounts for climate impacts; enhance local research partnerships.
- Invest in stakeholder capacity to implement technical solutions.
- Advocate for greater policy attention and national budgetary allocations.

USAID is improving the efficiency of food production systems through reduced FLW.

USAID concurs with BIFAD's recommendation to strengthen FTF investments in food systems that reduce FLW.

USAID agrees with BIFAD's recommendation to increase the share of FTF research investments into developing and measuring new practices' and technologies' impact on reducing FLW.

CURRENT ACTIONS TO ADDRESS RECOMMENDATION

- USAID is using its convening power to bring together U.S. government agencies and partners to mobilize resources, especially in national budgets, and advance global FLW reduction.
- Since 2022, USAID has initiated research and non-research investments to address FLW in nutritious crops and to advance the circular bioeconomy agendas. USAID has invested in the research and product development and validation of locally adopted technologies. These investments encompass drying and hermetic storage solutions; mycotoxin testing and avoidance; climate-smart cold chains; partnerships with SMEs to create new product lines to upcycle food products that would otherwise be wasted; and other areas.

FUTURE ACTIONS TO ADDRESS RECOMMENDATION

USAID will:

- Continue to take a food systems approach to address FLW—including by advancing food safety and climate-smart cold chains—and assessing other opportunities.
- Identify research gaps and researchable questions to be addressed through research projects.
- Strengthen global data systems, for example, through the development of standardized tools and definitions to support USAID Missions and implementing partners in data collection and reporting.
- Advance MEL related to FLW, including assessing if the existing disaggregate indicators addressing FLW and post-harvest loss (under FTF indicator EG3.2–24: Percent of producers who have applied targeted improved management practices or technologies) are sufficient for reporting or if the design of an FTF standard indicator is needed.

ADDITIONAL INFORMATION

USAID has historically funded research investments to address major productivity challenges of both global staple crops and horticulture, including FLW. These efforts have expanded in recent years, and using a food systems approach, we are investing more in reducing FLW in nutritious crops, expanding the circular bioeconomy, and advocating to elevate FLW as part of the broader climate agenda. Additionally, USAID has invested in research efforts to improve the genetic makeup of crops for climate and disease resistance and avert physical damage to crops during harvest and transport. Increasing the capacity of stakeholders (e.g., smallholder farmers, governments, the private sector, universities, research

institutions, etc.) is critical in order to implement technical solutions and share knowledge on FLW prevention and reduction at key points along the value chain. These capacity-strengthening efforts are enhancing the access of women and other underrepresented groups to transformative resources, in this case especially to post-harvest technologies and facilities.

ACRONYMS

AIM	Agriculture Innovation Mission
BIFAD	Board for International Food and Agricultural Development
CDCS	Country Development Cooperation Strategy
DFC	Development Finance Corporation
CRM	Climate risk management
ENRM	Environmental and Natural Resource Management
FASA	Financing Agricultural Small and Medium Enterprises in Africa
FEWS NET	Famine Early Warning Systems Network
FTF	Feed The Future
GFSRS	U.S. Government Global Food Security Research Strategy
GFSS	Global Food Security Strategy
GHG	Greenhouse gas
GROW	Generating Resilience and Opportunities for Women
HEARTH	Health, Ecosystems and Agriculture for Resilient, Thriving Societies
IFPRI	International Food Policy Research Institute
LEAFS	Low Emissions Agriculture and Food Systems
MEL	Monitoring, Evaluation, and Learning
NDCs	Nationally Determined Contributions
OU	Operating Unit
PIVOT CCP	Practical, InnoVative, On-the-Job Technical Support Climate Champions Practicum
PLC	Product Life Cycle
PPR	Performance Plan and Report
PREPARE	President's Emergency Plan for Adaptation and Resilience
REFS	Bureau for Resilience, Environment, and Food Security
SL	Sustainable landscapes
SMEs	Small and medium enterprises
UAE	United Arab Emirates
USAID	United States Agency for International Development
VACS	Vision for Adapted Crops and Soils
WASH	Water, sanitation, and hygiene
WCS	Weather and climate services