



# PROGRESS REGIONAL ONLINE MEETING

## Summary

**Financing Climate Resilient Agriculture: Good international Practices and Progress in the European Union Eastern Partnership (EaP) Countries**

**Zoom Platform**

**10–11 December, 2025**

**Organized by:**

PROGRESS Programme Partners: Organisation for Economic Co-operation and Development (OECD), Institute for Economics and Forecasting of NAS Ukraine (IEF) and Regional Environmental Centre for the Caucasus (REC Caucasus) with a support of EBA Moldova and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

**Funded by the International Climate Initiative (IKI) of the German Federal Government (BMUKN)**

## Introduction

The PROGRESS Regional Online Meeting convened stakeholders from Eastern Partnership (EaP) countries on 10–11 December 2025 to discuss financing mechanisms for climate-resilient agriculture. The meeting addressed a key constraint to climate adaptation in the EaP region: while agriculture is among the sectors most exposed to climate risks, financing for adaptation remains limited, fragmented, and insufficiently targeted, particularly for smallholder farmers.

Against this backdrop, the meeting aimed to support regional peer learning, review international good practices, and identify priority actions to strengthen access to finance for climate-resilient agricultural practices in the EaP countries, in line with the objectives of the PROGRESS programme.

## Day 1: Policy Perspectives from EaP Countries on Financing Climate-Resilient Agriculture

The first day focused on policy frameworks and financing instruments for climate adaptation in the agricultural sector across the EaP countries. The introductory presentation showed typical adaptation finance instruments, their objectives and investment examples. It also presented the results of a stock-taking analysis which showed progress in applying them in the region. Progress notwithstanding, the presentation highlighted a persistent financing gap: despite agriculture being among the most climate-vulnerable sectors, less than 10 per cent of development finance reaches the agri-food sector. Existing instruments remain fragmented and insufficiently accessible, particularly for smallholder farmers.

Country perspectives from Ukraine, Azerbaijan, and Armenia provided insights into national approaches and ongoing reforms. Ukraine highlighted support mechanisms for agricultural enterprises through loans, grants, and credit guarantees, alongside efforts to develop a national green taxonomy. Azerbaijan presented initiatives to modernize irrigation systems and strengthen farmer cooperatives, while Armenia emphasized the integration of climate-smart conditionality into agricultural subsidies and the use of innovative financing models, including ecosystem service payments.

The EU approach under the Common Agricultural Policy (CAP) was presented as a reference framework, with emphasis on eco-schemes, investment support, and risk management tools. The presentation also highlighted upcoming reforms aimed at strengthening climate performance and monitoring, while noting implementation challenges for smaller farms.

To complement an overview of financial instruments for climate-resilient agriculture the OECD provided information about collecting international practices. The work, which is done as part of PROGRESS, aims to identify effective policy instruments for financing climate-resilient agriculture that are used in the OECD and non-OECD countries.

The day concluded with the presentation of a capacity needs assessment, which underscored that although awareness of climate risks is increasing, farmers continue to face challenges in translating knowledge into action. The findings highlighted the need to combine financial instruments with targeted capacity building, financial literacy support, and simplified access to finance, particularly for women farmers and small-scale producers.

## Day 2: Practical Solutions from Public and Banking Sectors

The second day focused on practical financing solutions for climate-resilient agriculture, drawing on experiences from public institutions and the banking sector. Parallel sessions examined how public support mechanisms and financial institutions can facilitate investment while managing climate-related risks.

Discussions in the public-sector session highlighted the role of credit guarantee schemes, public investment support, and development agency programmes in improving farmers' access to finance. Participants noted that guarantee mechanisms can effectively reduce lending risks for financial institutions, while allowing public funds to leverage significantly higher volumes of private capital when appropriately designed and targeted.

The banking-sector session focused on constraints to agricultural lending, including perceived climate risks, limited borrower creditworthiness, and high transaction costs for small loans. Banks highlighted the need for clearer policy signals, risk-sharing instruments, and better project pipelines to expand financing for climate adaptation investments in agriculture.

Across both sessions, participants emphasised that financial instruments alone are insufficient without complementary measures. Financial literacy, simplified loan application procedures, and the use of digital tools were identified as critical enablers for expanding access to finance and insurance, particularly for smallholder farmers.

A participant survey further confirmed that while direct public grants remain the most commonly used instrument, credit guarantees are perceived as among the most effective tools for supporting climate adaptation investments, underscoring the need to scale such mechanisms across the region.

### Conclusion

The PROGRESS Regional Online Meeting confirmed that financing gaps for climate-resilient agriculture in the EaP region remain substantial. Key priorities identified included better alignment of public finance with climate adaptation objectives, scaling credit guarantee mechanisms, expanding agricultural insurance, and strengthening capacity-building efforts linked to concrete financing opportunities.

Under the PROGRESS programme, follow-up activities will focus on targeted training, technical support for financing instrument development, and the documentation and dissemination of good practices to support scaling and replication across the region.