FINANCING FOOD SYSTEMS TRANSFORMATION

A New Global Challenge

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IFAD & World Bank
Co-leads Financing Agenda
Food Systems Transformation

In support of the UN Food Systems Coordination Hub
Financing Food Systems Transformation

**Food Security**
1. Safe and Nutritious Food for All

**Food Systems**
1. Food & Nutrition
2. Environment
3. Livelihoods
4. Resilience
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New Food Finance Architecture

UN Food Systems Summit

1. Step Up Investments
   US$ 300 - 400 billion/year

2. Finance Differently
   US$ 12 trillion wasted/year
Food Systems Transformation

300 - 400 $ billion/ year additional financing

Less than ...

- 0.5% global GDP
- US$ 500 - 700 billion/year agricultural subsidies
- US$ 10 trillion value food industry
Address Inefficiencies

US$ 12 trillion / year

Environmental, social & economic costs

- Environmental Costs
- Food Waste Costs
- Health Costs
- Inequity Costs
Food Systems Environmental Costs

US$ 3 trillion / year

- 1/3 greenhouse gas emissions
- 80% biodiversity loss
- 70% fresh water consumption
Food Systems
Food Waste Costs

US$ 1 trillion / year

- 1/3 food produced going to waste
Food Systems

Health Costs

US$ 6 trillion / year

- 3 billion people cannot afford healthy diets

- Public health expenditures over unhealthy diets & over-consumption increasing
Food Systems Inequity Costs

US$ 800 billion /year

- 2/3 people in extreme poverty are agricultural workers
IFAD & WB Co-Leads

Objective

- Create dynamic to influence resource flows
- Evidence-based investments
- Mutual accountability for commitments

New Food Finance Architecture
Food Systems Summit Follow Up

New Food Finance Architecture

3 Sources of Financing

5 Imperatives
3 Main Financing Sources

- Domestic Public
- International Development Finance
- Private & Other
1. Public Resources & Incentives

Not finance food systems

- Short-sighted
- Unhealthy
- Destructive
- Unsustainable for planet
Domestic Public flows
1st Source Development Finance

Food Systems Transformation

- Prioritize allocations despite challenging fiscal context
- Effective Subsidies & Incentives
Development Partners

Stepping up Investments & Coherence Development Finance

70% OECD support to agriculture
- Distorting measures

Pressure on small producers
- Competitiveness, livelihoods & wages
Food businesses financial decisions

Do not harm

- Health
- Environment
- Well-being
Food Businesses

- World Benchmarking Alliance
  - 93%, No emissions reduction targets
- 80%, No evidence Accessibility & affordability nutritious foods
- 91%, No demonstrated action living wages with targets
Governments, Banks, Food Businesses & Donors

Adopt financial instruments & business models

- Fit for purpose
- Work primary producers
Primary Producers

Hearth of Food Systems

- Majority world agricultural production on small farms
- 90% of 570 million farms globally less 2 ha
- 2/3 people in extreme poverty are smallholders & agri-food workers
- 90% Smallholders no access to Finance
Incentives private sector investments

Impact PS engagement on poverty, inequality & 2030 Agenda

- Reviews blended finance limited evidence of impact

- Incentives must go with environmental, health & social targets

Increased Private Sector financing does not automatically leads to better performing food systems
Increased Private Sector financing does not automatically lead to better performing food systems.
Financing for food systems

- Rebalance bargaining power
- Fair prices & living wages
- Access affordable & healthy diets
Invest

- Stability & resilience
- Global, regional & national supply chains
EU priorities - UN Food Systems Summit

- Adequate responsible investments by public & private actors
- Diversity of territories & specificities
- New finance solutions
- Evidence-based priorities for action
Financing Agenda

Food Systems Transformation

Evidence Gap

- Who spends what? How much?
- Where & for what purpose?
- Financing gaps & needs?
- Targeting sectors & people most in need?
Targeted Investments

Food Systems Transformation

"Countries Request analytical Support & budgeting Tool"

African Union Common Position
Arab Food Systems Dialogues
EU evidence-based priorities
Country Budget tool for food systems

Help governments

- Measure public & private financing to Food Systems
- Evidence for targeted investment decisions
- Resource allocation vs. country national pathways
- 5 candidate pilots: Niger, Kenya, Malawi, Honduras & Peru

1st Tool Tagging public finance to food systems
1. Food Systems Framework

Food systems categories

2. Identify relevant Government expenditures

3. Tag public expenditures to food systems
Measurement ODA flows to food systems

- Who spends what, where, how and for what purpose?
- Targeting countries & Sectors most in need?
- Evidence commitment to prioritize ODA to food systems transformation

Collaboration with OECD
Official data ODA to Food Systems transformation
1 March
- Pilot countries selected and engaged
- Data processing
- Prototype design
- First ODA data

1 April
- First data review with Pilot countries

1 May
- Second Data review and validation with Pilot countries

1 June
- Data entry pilot countries and ODA
- Test prototype

15 June
- Exhaustive review of ODA and country data

July 2023
- Official launch of Dashboard

FSS Stocktake
Food Systems Transformation

Influencing Investment Windows

• Financing windows

• Dialogues Private Sector Incentives & Subsidies
Food Systems

Financing Windows

- SDG Fund Window - Incubator
- GEF Food Systems Window
- IFAD 13
- World Bank Food Systems 2030

...
• Dialogues Private Sector Incentives & Subsidies
**IFAD & WB**

**Cohort of countries & Initiatives**

**Food systems Financing Solutions**

Linking Domestic, Donor & Private Financing

Food Systems approach: Food Security, Nutrition, Livelihoods, Sustainability & Resilience
IFAD & WB
Co-Lead Financing Segment with WB

- Budgeting Tools & Analytics with candidate countries
- Financing windows
- Countries/Initiatives: Food Systems Financing Solutions
- Dialogues: Private sector, Subsidies & Incentives
- Coalitions & other
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