



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



Food Systems



IFAD & World Bank Co-leads Financing Agenda



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

out of reach?

1

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

2

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 agricultural workers**

IFAD & WB Co-Leads Objective

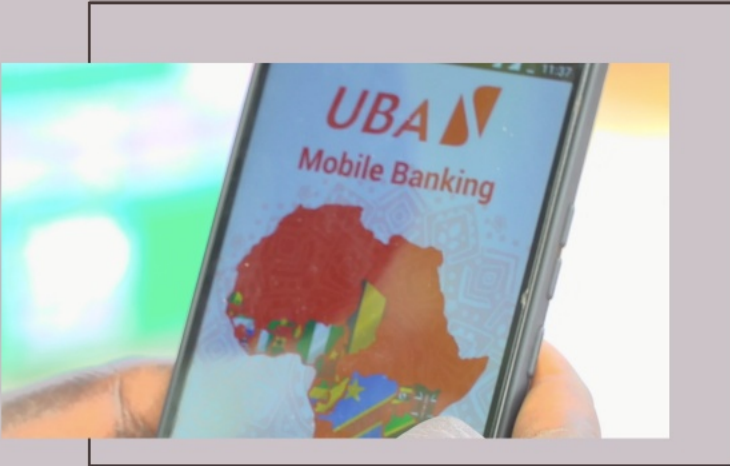


New Food Finance Architecture

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

New Food Finance Architecture

Food Systems Summit Follow Up



3 Sources of
Financing

5 Imperatives

3 Main Financing Sources

Food Systems



Domestic Public



**International Development
Finance**



Private & Other

5 Imperatives

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



2

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

3

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**

s must go with environmental, health
targets

**Increased Private Sector financing does not
automatically leads to better performing food systems**

4

Governments, Food businesses & Donors

Financing for food systems

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



5

Foundation Food Systems

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?

Budgeting
Tools &
Evidence

**Targeted
Investments**

**Food Systems
Transformation**

**"Countries Request
analytical Support &
budgeting Tool"**

**African Union Common Position
Arab Food Systems Dialogues
EU evidence-based priorities**

IFAD & WB



**1st Tool Tagging
public finance to
food systems**

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

Country budgeting Tool

Measure Public Financing to Food Systems

1. - Food Systems Framework

Food systems categories

2. - Identify relevant Government expenditures



Agricultural
development
and value chain



Health &
nutrition



Infrastructure
for food systems



Social
protection
vulnerable
groups



Climate change
& natural
resources

3. - Tag public expenditures to food systems

IFAD & WB Co-leads



Collaboration with OECD
Official data ODA to Food Systems
transformation

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

**Country Budget
Tool
Food Systems**

**Managing
Complexity**

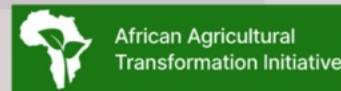
**Building on
what exists**

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Madhur Gautam, WB
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Safia Boly, AATI
Omid Kassiri, McKinsey
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Ousmane Badiane, AKADEMIYA2063

Strategic Advisory Group

Implementation Partners

African countries
AATI & AGRA

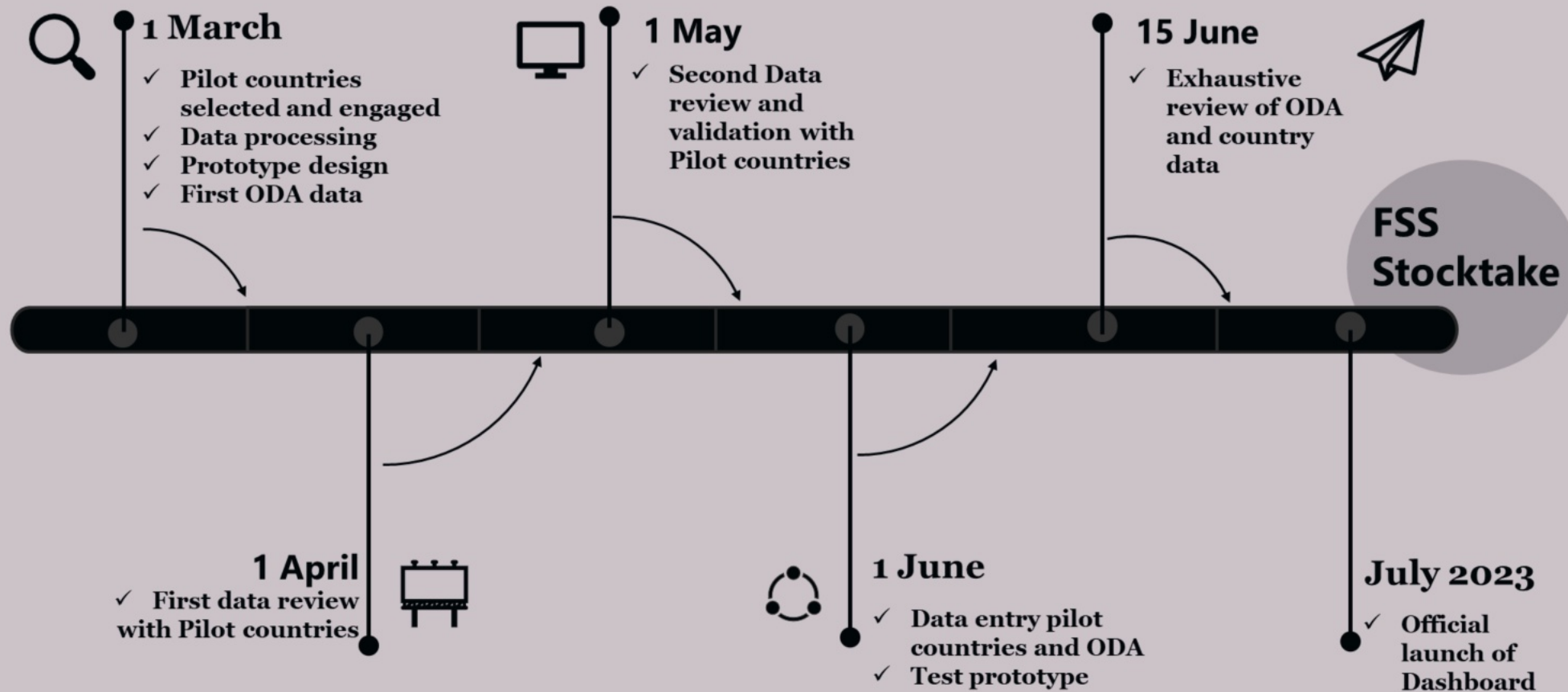


LAC countries
IICA



THE WORLD BANK

Timeline



Food Systems Transformation



Influencing Investment Windows

- **Financing windows**
- **Dialogues Private Sector Incentives & Subsidies**

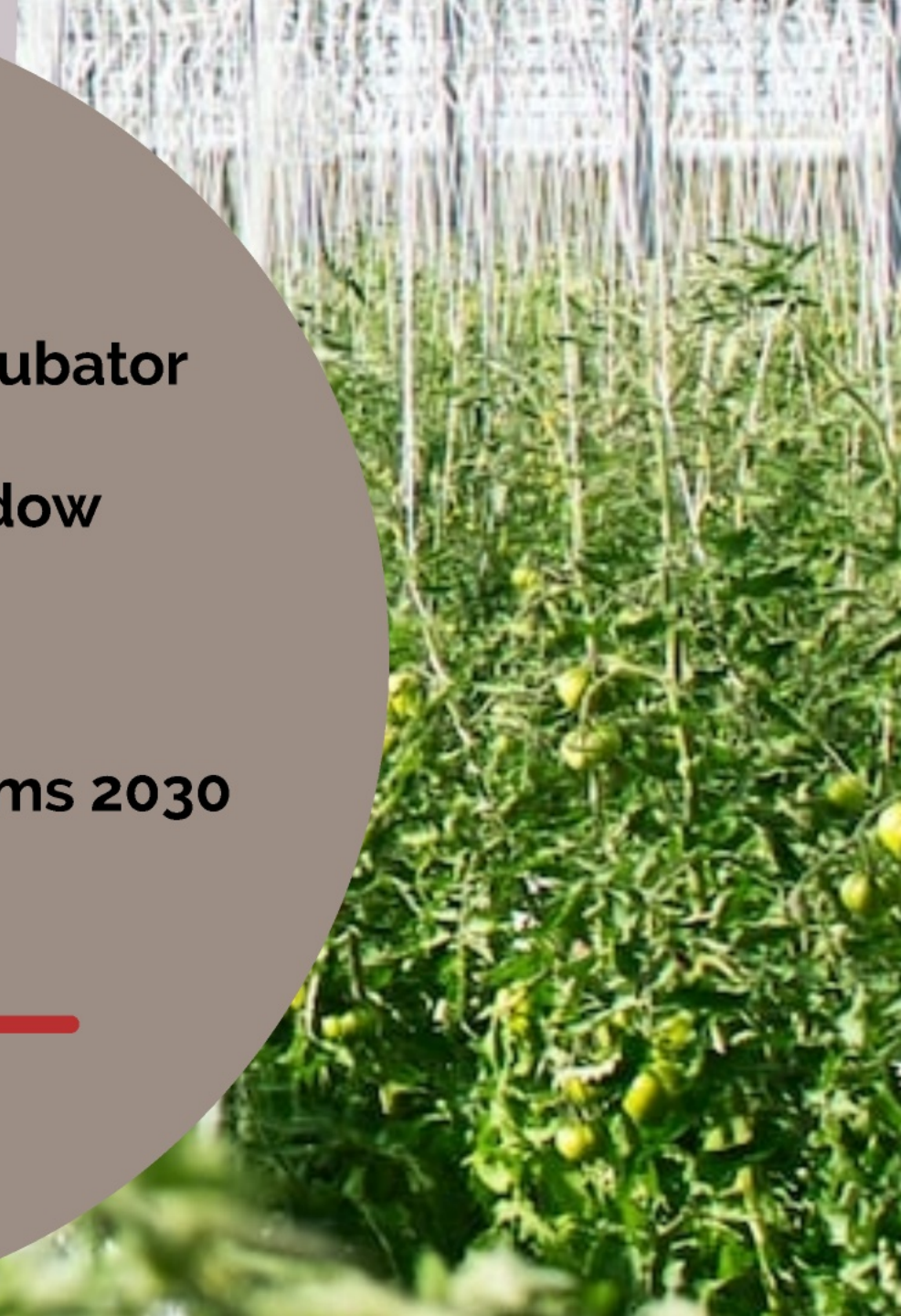
Financi
Window

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**

**UN Food Systems
Summit Stocktake
24 - 26 July 2023**



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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