

## UN Food Systems Summit+2 Stocktaking Moment

### SESSION REPORT

All session recordings will be available after the conclusion of the session. Please send the report of your session to Ms. Yota Nicolarea ([Panayota.Nicolarea@fao.org](mailto:Panayota.Nicolarea@fao.org)) and Mr. Thembani Malapela ([Thembani.Malapela@fao.org](mailto:Thembani.Malapela@fao.org)) by **Tuesday 1<sup>st</sup> August COB**

Type (click one):  **HLS/PLENARY** –  **LEADERSHIP DIALOGUE** –  **SPECIAL EVENT**

## High Level Session on Financing Food Systems Transformation

24th July, 11.00-12.30

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List of speakers, in all segments, and key messages

NAME AND TITLE OF SPEAKER	SEGMENT (opening, panel, closing, etc.)	KEY MESSAGES OR/AND RESPONSES TO QUESTIONS
1. Hassan Sheikh Mohamud, President of Somalia	Opening	The President of Somalia stressed the need for financing to create a healthier and more equitable food system, highlighting the country's efforts to overcome challenges of security, drought, and long absence from international organizations. With the help of international partners, improvements in irrigation systems and revitalization of livestock, agriculture, and fisheries are gradually taking place. While progress has been made in addressing famine risks, there is a call for new and creative models of accessing traditional financing, including microfinancing from private banks, cooperatives, and diaspora contributions, as well as transforming the international financing system.

<p>2. Rigathi Gachagua, Deputy President of Kenya</p>	<p>Opening</p>	<p>One major obstacle to realizing sustainable and inclusive food systems is the lack of funding. Estimates suggest that transforming food systems to deliver healthy people, a healthy planet, and a healthy economy will require an extra US\$300 – US\$400 billion per year for the next decade.</p> <p>The transformation of food systems requires both public and private investment. Innovative financing solutions are essential to drive private investment towards healthier, more equitable, and sustainable ways of producing and consuming food. The financing agenda for food systems transformation is a smart investment and a direct contribution to the SDG financing strategy and climate agenda.</p> <p>Kenya is one of the pilot countries for the Financial Flow for Food Systems tool (3FS), which helps measure national financing to food systems and allows the tracking of public finance trends. This evidence-based information will aid investment decisions and negotiations with financing partners, ensuring transparency and accountability in financing food systems transformation.</p>
<p>3. Kashim Shettima, Vice President of Nigeria</p>	<p>Opening</p>	<p>The Vice President of Nigeria emphasized the need to mobilize domestic resources and demonstrate commitment to food security by transforming the food system. The government aims to reposition the nation, enhance food production, and support livelihoods through modern governance, monitoring food prices, and activating funding across the entire agriculture value chain, recognizing the challenges posed by a growing demographic.</p>

<p>4. Alvaro Lario, President, IFAD</p>	<p>Opening and closing</p>	<p>Food systems transformation is a global problem. The cost of inaction is higher than the cost of action. Without financing for food systems transformation, the SDGs and the climate agreements are out of reach. Consequently, financing for food systems transformation must be at the heart of the SDG financing strategy and of the climate finance agenda. FFD forums and COP28 must lead to transformative food systems financing commitments.</p> <p>While governments and the development community are striving to finance emergency responses, we must move the needle on transformative investments that restore human dignity and give the most vulnerable a way out of emergency assistance. ODA to food systems that is emergency assistance increased by 31% from 2018 to 2021 – to \$US14.7 billion in 2021. On the other hand, ODA for longer term agricultural development remained relatively stagnant during this period, with a minimal decrease (from \$11.1 billion in 2018 to \$10.8 billion in 2021).</p> <p>Low-income countries are engaging in bold domestic resource mobilization, but funding is insufficient to meet the incremental costs of food systems transformation. Domestic resource mobilization efforts must be complemented by a measurable increase in affordable long-term financing for food systems transformation. This includes:</p> <ul style="list-style-type: none"> <li>• Substantial ODA, because ODA is still a vital source of financing for countries most in need.</li> <li>• Increasing the capital bases of development banks and funds that provide concessional financing to low-income countries for food systems transformation.</li> <li>• Incentivizing transformative private investment through blended finance.</li> <li>• And finally, delivering on a new International financial pact that brings new liquidity in the system and does not leave behind concessional finance for food systems transformation.</li> </ul>
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		<p>Governments and development partners must step up public incentives and frameworks to incentivize in private investment at the scale and scope needed for food systems transformation. In doing so, let us remember that increasing private sector investment does not automatically lead to better performing food systems. The time has also come for governments and the global community to build on voluntary commitments from some food business to standards and norms and accountability frameworks for the food industry. Business models must work for small scale producers and agri-food systems operators.</p> <p>Finally, we cannot wait until 2030 to know if investments are to the point and impactful. Financing food systems is now. Financial institutions know that high standards in financial analysis and timeliness are vital for impactful investments. IFAD and the World Bank must ensure that their new food systems financial tool – the 3FS prototype which presents decision makers with clear and simple information on country and global trends in financial flows to food systems – is available to country decision makers and the international development community without delay.</p>
<p>5. Indermit Gill, Vice President &amp; Chief Economist, World Bank</p>	<p>Opening and closing</p>	<p>Incentives need to be realigned. Global public support provided to agriculture and food exceeds \$800 billion a year. While this support is needed, much of it is highly ineffective – farmers receive only 35 cents of each dollar and support often encourages production practices that are unsustainable. Our estimates suggest that by repurposing 10 percent of this support, we can improve food security; make healthy diets more affordable; reduce poverty; bring GHG emissions down by 40 percent by 2040.</p> <p>We need to accelerate innovation to support an efficient food system that can reduce global hunger and combat climate change. Public spending on agricultural research and development can lead to returns of up to 44 percent. Doubling public research and innovation budgets for the food system to at least 1 percent of GDP would be a good a start. Innovation will attract new investment.</p>

		<p>Investments need to be scaled. According to our estimates, US\$300 to US\$400 billion per year are needed to transform our food systems. Reaching this goal will require a scaling up of financing from all sources: public, private, and development funding. We need private finance to come in – and for that to happen, governments and development institutions like IFAD and the World Bank have a role to play in creating the enabling environment to attract private capital. No organization can address it on its own: everybody, from governments, to development organizations, financial institutions and the private sector has a role to play.</p> <p>The World Bank is deploying close to US\$ 6 billion a year in new financing for agriculture and food to our clients. This means we will be providing about US\$40 billion until 2030. And while this number is big in absolute terms, it is not nearly enough.</p>
<p>6. Ouhoumoudou Mahamadou, Prime Minister of Niger</p>	<p>Panel</p>	<p>Food systems transformation with a focus on climate change, comprehensive politics ensuring food security, market connectivity, production quality, and nutrition is needed. Collaboration with international organizations like the World Bank and IFAD is essential for financing agriculture, and the government's commitment is demonstrated by allocating a significant portion of fiscal resources, aiming to improve agricultural affairs and optimize the return on natural resources.</p>
<p>7. Anne Tvinneim, Minister of International Development of Norway</p>	<p>Panel</p>	<p>Directing financial flows is crucial for planning and progress. Norway recognizes the significance of addressing the urban-rural link to ensure access to nutritious food for the urban poor and promote local food systems. We advocate for integrating food systems into climate funding and financing discussions during the COP, while presenting solutions for climate mitigation and adaptation. We should encourage private investments in low-income countries, especially to small holder farmers. Reducing risks for private investments are vital to support and advance food producing sectors and processing industries.</p>

8. Segundo Regalado, Vice-Minister of Agriculture, Peru	Panel	As a pilot country of the 3FS tool, Peru highlighted its commitment to food systems transformation, despite facing challenges like severe droughts and the impact of COVID-19. The use of the 3FS tool can enable a comprehensive approach, allocating over 40% of resources to support the nutritional sector, focusing on infrastructure, social assistance, and climate change, with an emphasis on international cooperation.
9. Chrysoula Zacharopoulou, Minister of State for Development, Francophonie and International Partnerships, France	Panel	Financing food systems transformation goes beyond just capital. It's a collective responsibility that involves governments from both the Global North and South, food businesses, investors, and development partners being accountable for where the funds go. Together, we can create a positive impact and bring about lasting change in our food systems for a better and more sustainable future.
10. Muhammad Sulaiman Al Jasser, President, Islamic Development Bank	Panel	It is important to address basic infrastructure, including moving food and people, to support economic development, especially in the least developed countries. Challenges multiply, but small collaborations can make a huge difference; therefore, a package of \$24 billion aims to finance climate-friendly projects, with \$10.5 billion dedicated to pre-stocking food and grains and financing agriculture.
11. Hassatou N'Sele, Vice President of Finance, African Development Bank	Panel	There are opportunities for food systems transformation through international financial institutions (IFIs). Important to evaluate the strength of IFIs, embrace financial innovation, and evolve financing approaches with a broader mandate beyond shareholder capital.
12. Rodger Voorhies, Global Growth & Opportunity Division President, Gates Foundation	Panel	We need to move forward by focusing on core elements such as sufficient financing, investing in research and development (R&D) for the highest return, supporting the CGIAR system organization for economic benefits to local communities, increasing investments in data and modelling, and ensuring that a significant portion of investments reaches small holder farmers.

Interventions from the floor

SPEAKER	QUESTION OR KEY POINT OF INTERVENTION
None	N.A.

Overall summary, conclusions and recommended actions (max 250 words)

The session underscored the pressing need to mobilize funds for the transformation of food systems. Participants acknowledged that without adequate financing for this transformation, the attainment of the Sustainable Development Goals (SDGs) and climate agreements would remain unattainable. Therefore, placing food systems financing at the core of the SDG financing strategy and climate agenda is imperative. The transformation of our food systems necessitates annual investments in the range of \$300-400 billion. Today, the current operation of our food systems incurs a staggering \$12 trillion in annual environmental, social, and economic costs. Countries are grappling with multiple crises, including extreme weather disasters, constrained fiscal conditions, and escalating interest rates, making it challenging to finance emergency responses while simultaneously investing in food systems transformation. This challenge is particularly acute for low-income countries. To surmount these obstacles, a concerted effort to jointly mobilize public and private capital, facilitated by innovative financing solutions, is deemed indispensable to achieve high-performing food systems. It will also need cohesive collaboration between global leaders and the food industry. This entails fostering transformative investments, increasing Official Development Assistance (ODA), incentivizing private financing, and prioritizing small-scale producers.

During the session, the 3FS-prototype was showcased as a pivotal tool for financing food systems transformation. Two of the pilot countries, Niger and Peru, shared their successful experiences, highlighting the prototype's significance in providing crucial data on financial flows to food systems, which enables informed planning and decision-making.

In conclusion, the session emphasized the urgent need to mobilize funds for transforming food systems to achieve the SDGs and climate agreements. Collaborative efforts between different stakeholders, innovative financing, and data (such as that provided by the 3FS-prototype) are vital.