

FOOD SYSTEMS SOLUTIONS DIALOGUES

Financing Food Systems Transformation: Dialogue with National Convenors

22 March 2023

Summary Report

On 22 March 2023, the UN Food Systems Coordination Hub hosted the “Financing Food Systems Transformation” session as part of the Food Systems Solutions Dialogues. The following represents a summary of the two meeting sessions held in the morning and afternoon to accommodate different time zones.

Introduction

Stefanos Fotiou, Director of the UN Food Systems Coordination Hub (Hub), opened the dialogue. In his opening remarks, he recalled that financing for food systems transformation is the first area of support requested by countries. Mr. Fotiou indicated that the purpose of the meeting is to update and exchange with the National Convenors on the strategic products the Hub is developing to support countries in their financing agenda for food systems transformation under the leadership of the International Fund for Agricultural Development (IFAD) and the World Bank (WB).

Ms Nadine Gbossa, Director of Food Systems Coordination at IFAD & Chief of Means of Implementation at the UN Food Systems Coordination Hub and Mr Christopher Ian Brett, Lead Agribusiness Specialist at the World Bank, presented the products under development to support countries to operationalize a new Food Finance Architecture. They recalled that the New Food Finance Architecture launched by the Finance Lever during the Food Systems Summit has two objectives. 1) Mobilize US\$300-350 billions of additional investment per year for food systems transformation and; 2) Curb the US\$12 trillion lost every year in food waste, health, environmental, and inequity costs because of the way food systems operate.

Financing for food systems transformation is ranked as the first area of support requested by Member States. In addition to extra resources, countries have requested analytical support and tools to realize targeted allocation of public financing to food systems. Presenters highlighted that the overall objective of IFAD and the WB in support of the Hub is, first, to create a dynamic to step up resource flows towards a structural transformation of food systems. Second, to hold up country partners, donors and food businesses and investors mutually accountable for financing food systems differently to achieve food systems that feed all, are nutritious, sustainable, equitable and resilient to shocks and crises.

In support of this agenda, panellists updated participants on products IFAD and the WB are aiming to deliver shortly to countries and the global community:

Country Budget Tool for food systems transformation - The country budget tool for food systems transformation to help countries measure public and private financing to food systems transformation and prioritize investment decisions (how much is going into food systems at country level, where are the gaps and needs?)

Official Development Assistance (ODA) to food systems- IFAD and the WB are working with the Organization for Economic Cooperation and Development to release the first data on ODA to food systems to measure which donor country spends what, where and for what purpose and whether ODA goes to those countries with the greatest needs.

Financing Windows for food systems transformation- This tool will offer countries, development partners and stakeholders a consolidated mapping of current financing windows for food systems transformation.

Food Systems Finance solutions- The Stocktaking Moment will feature a first cohort of countries which have brokered granular packages linking private, public and philanthropy funding for food systems transformation and innovative financing products and initiatives moving forward the financing agenda for food systems transformation.

Panellists reported that a Strategic Advisory Group is supporting the development of this tool, which will be piloted with five countries (Kenya, Malawi, Honduras, Peru, and Niger). These countries will be invited to share their experience with the country budget tool for food systems transformation at the Stocktaking Moment. In addition, the presenters discussed the preparation of Influencing Investment Windows to provide more resources to the right place at the July 2023 Stocktaking Moment (STM) and dialogues with the private sector to discuss incentives and subsidies. The presenters expect that, after the Stocktaking Moment, a cohort of countries will work together to implement this tool.

The session continued with presentations from regional implementation partners. Ms Safia Boly, Executive Director of AATI – in the morning session – and by Mr Eugenio Diaz-Bonilla, Senior Visiting Research Fellow at IFPRI IICA – in the afternoon session.

Ms Boly presented the African Agricultural Transformation Initiative, a partnership between IFAD, AGRA, McKinsey, and the Bill and Melinda Gates Foundation. She explained that AATI aims to support governments in sub-Saharan Africa to transform from subsistence to commercialisation and entrepreneurship, focusing on increasing climate resilience and supporting smallholder farmers. Ms Boly highlighted AATI's intention to work closely with ministers of agriculture and prime ministers' offices to articulate priorities, design and operationalise delivery units, and develop tools and capabilities for delivery, including M&E.

Mr Diaz-Bonilla presented, in the afternoon session, the role of IICA, a crucial organisation for achieving Sustainable Development Goals (SDGs) and climate change objectives through food systems. For example, IICA's Director General was a champion during the UNFSS preparatory process and facilitated consensus by Ministers of Agriculture on the 16 messages from the Americas to the UNFSS. IICA is also an implementing partner for the Hub and is part of the Strategic Advisory Group. Mr Diaz-Bonilla concluded that the short-term goal is to confront current shocks, while the medium-term goal is to address systemic issues through operationalising pathways.

Discussion

In the ensuing discussion, participants highlighted that prioritisation of investments is necessary in a resource-constrained world. Another critical need is to involve regulators in discussions and the importance of engaging domestic private sectors, national banks, and small actors. Attendees also mentioned the difficulty to consider the financing of food systems transformation without an appreciation of the actual costs envisioned by the governments. Overall, the panellists agreed that the tool is a work in progress and must be perfected while implemented.

The way forward

Mr Fotiou expressed satisfaction with the discussion and in his concluding statement, he underscored that the financing tool is currently undergoing a piloting process. Mr Fotiou advised everyone to stay updated by visiting the Hub's website for future updates. He noted that an update with pilot countries on their experience with the country budget may be scheduled before the Stocktaking Moment.