

2nd Food Systems Solutions Dialogue Wednesday, 25 May 2022

Financing Food Systems Transformation, Global Opportunities and Local Needs

SESSION SUMMARY

Dialogue outline

On 25 May 2022, the UN Food Systems Coordination Hub hosted the second dialogue as part of the Food Systems Solutions Dialogue series, with the theme **Financing Food Systems Transformation, Global Opportunities and Local Needs**. The objective of the dialogue was to highlight and discuss opportunities to target and scale up financing for food systems transformation in countries. The dialogue began with interventions setting the scene on the importance and urgency of a new Food Finance Architecture from Stefanos Fotiou, Director of the UN Food Systems Coordination Hub and David Nabarro, co-lead of the food workstream of the UN Global Crisis Response Group.

A video message from Satu Santala, Associate Vice-President of External Relations and Governance, IFAD, and Martien van Nieuwkoop, Global Director for the Agriculture and Food Global Practice, World Bank, highlighted how IFAD and the World Bank co-lead the work to operationalize a new Food Finance Architecture as an outcome of the Food Systems Summit. Next, Nadine Gbossa, Chief of Means of Implementation in the Coordination Hub and Director UN Food Systems Coordination, IFAD, and Geeta Sethi, Advisor and Global Lead for Food Systems, World Bank provided a presentation on global opportunities and local needs for Financing Food Systems Transformation. The presentation is shared with this summary. Convenors and participants were invited to react to the presentation through a live Q&A in the plenary, followed by more in-depth discussions hosted in breakout rooms. The session ended with convenors feeding back the main points of discussion in the plenary, followed by responses and next steps.

The morning session welcomed 72 participants including national convenors and government representatives from Bahamas, Brazil, Cambodia, Iraq, Ireland, Japan, Kuwait, Malaysia, Nauru, New Zealand, Norway, Palau, Russia, Sudan, Switzerland, Tonga, Vanuatu, and Zimbabwe.

The afternoon session welcomed 83 participants including national convenors and government representatives from Azerbaijan, Bangladesh, Benin, Bolivia, Canada, Chad, Chile, Colombia, Dominican Republic, El Salvador, Finland, Germany, Guatemala, Honduras, Hungary, Latvia, Maldives, Mali, Nepal, Niger, Spain, Sudan, Tanzania, United Arab Emirates, Uruguay, Yemen, and Zimbabwe.

Access to finance

Participants reported that governments around the world are incorporating food systems into their political agendas and national budgets. They are generating national policies linked to food systems, monitoring pathways, and coordinating actions to define strategic plans and identify financing models. Convenors have discussed plans to mobilise and repurpose domestic financing as a key priority among a broader systems approach towards finance mobilisation. This includes the engagement of key partners beyond government actors and across sectors to include donors, producers, civil society, and the private sector. Convenors are looking for additional guidance on how to incentivise engagement and support from the private sector, as public-private mechanisms have been identified as critical to enable financial stability. Convenors shared that those partnerships are being established for cooperation and resource mobilization at the national, regional, and global levels. Country representatives from Latin America stressed the importance of coordinated support from the World Bank, IFAD and UN agencies at country level. Convenors called for clearer and more equitable access to resources for climate adaptation and ocean financing. Disaster and climate financing, particularly critical in the short-term for countries in the Pacific, should also be flexible and adapted to country specificities. National convenors for countries in Africa discussed the need for an innovative fund dedicated to questions related to food and nutrition security, that is prepared to address issues of production systems strained by climate change.

Convenors are also considering the effects that large foreign investments have on local food systems and are looking towards increasing local capacities to generate funds. Throughout both sessions, there was a repeated call for the increase of financial support towards smallholder farmers and their access to markets in order to provide consumers with greater access to food at the lowest possible cost, mitigate import dependency, and contribute to an increase in trade and development.

Finance enablers

Participants also discussed needs beyond the mobilisation of funds for successful food system transformation financing, and the requirement for policy and mindset shifts. Decision makers need to be informed in order to fully understand the big picture for food systems transformation, and government entities need to agree on a common vision. Participants highlighted the need for coherence between national and international policies to support issues such as the competitiveness of local producers, and the responsibility of governments to redirect both public and private financing down to the local level.

An institutional set up for food systems transformation is needed to ensure its financing, implementation, and follow-up. Convenors highlighted the need for the identification and implementation of mechanisms and tools with the following objectives:

- To ensure funding is agile and expeditious, as slow resource allocation processes can limit the achievement of short- and medium-term results;
- To connect cooperating partners, the private sector, government and civil society for action and funding;
- To ensure accountability for finance measures; and

- To facilitate investments in food security and nutrition and monitor their results.

Convenors engaged in a joint reflection to identify indicators of success, suggesting health and nutrition, resilience towards crises, and political commitment towards food systems transformation as a first set of indicators.

Convenors also emphasized the importance of fostering a sustainable finance system that is transparent and built on fairness and equality. Issues regarding lack of good governance or power imbalances need to be addressed. Participants from Africa and the Near East spoke of the need to change processes in order to move away from recurring crises, increasing resilience, and optimising resources, including identifying and reducing sources of food waste as a means to improve food security and reduce costs. Finally, convenors in Latin America also expressed interest in learning from finance processes carried out in other countries.

Pilot countries to launch a new food financing architecture

During the dialogue, the UN Food Systems Coordination Hub, IFAD and the World Bank announced their intention to support a selection of 10 to 15 countries in the identification and linking of public-private funding opportunities. Countries will be selected according to their expressions of interest to receive support, government commitment, and interest from the private sector and donors.

Dialogue participants and National Convenors hope countries' typology will be considered during the selection process. A suggestion was made to combine countries that are successful in their advancement towards food systems transformation with others facing more limitations and constraints. Countries should be representative of the great variety of contexts around the world. A specific emphasis was made to encourage the consideration of Small Island Developing States who continue to face specific food systems challenges, which are compounded by extreme weather events. Benin, Chad, Mali, Mauritania, Niger and SIDS were suggested by their present representatives to be considered as pilot countries.

Convenors emphasised that a new food financing architecture will only be successful if the resources mobilised are made available to all countries in a fair manner, in the spirit of "Leaving No One Behind".

Outstanding Needs

Many dialogue participants mentioned the difficulty to consider the financing of food systems transformation without an appreciation of the actual costs envisioned in national pathways themselves. In many countries, convenors still require financial and technical support to continue their work on the national pathways and the development of action plans, to cost pathway actions, and collect further baseline data. This is especially relevant for countries located in the Pacific, Asia, and Africa, where governments are committed to the food systems transformation agenda but lack resources to work towards its operationalization, and have not yet had the possibility to develop costed plans to evaluate their needs.

Other countries who have a finalised pathways are still in the process of connecting their documents to other national policies and programmes and new development and investment plans. Some intend to host post-Summit National Food System Dialogues to further identify needs for financing and implementation.

The Hub understands the need for small seed funding and is in the process of identifying such funds, and the countries to target for receiving support. Several countries have already requested seed funding for specific activities. The Hub intends to analyse the requests of countries and their capacity to implement their plans at the country level with the existing mechanisms. In cases where there is no or little capacity, the Hub will step in to identify how support can be brought together. Stefanos Fotiou encouraged UN Resident Coordinators to listen to country needs. The Hub will soon send out a second survey to coalitions and the ecosystem of support to understand what they have to offer and what they require from the countries.

Furthermore, Stefanos Fotiou emphasized that the Hub will not be a financing mechanism but will aim to leverage existing finance, and is currently working with the UN Joint SDGs Trust Fund to dedicate a specific window on food systems. The Hub intends to listen to country needs and connect countries with relevant ecosystem actors for possible support. Between June and September 2022 the Hub will have sessions with various stakeholders to identify the main issues to create a shared global agenda. IFAD and the World Bank are leading the work on finance and hope to involve global funds such as UN Agency Trust Funds, the Global Environment Facility (GEF), the Green Climate Fund (GCF) and perhaps the private sector around the table.

Next Steps

An additional reminder that the next Food Systems Solutions Dialogue, *Engaging for Food Systems Transformations – Coalitions of Action*, will be held on **Wednesday, 29 June 2022**. If you have not already registered and would like to do so, please register through the links below:

- 08.00-9:30 CET <https://bit.ly/29JuneAM> English with interpretation in Chinese, Russian and Arabic
- 16.00-17.30 CET <https://bit.ly/29JunePM> English with interpretation in French, Spanish

Convenors are invited to request additional ad-hoc sessions to be convened by the Hub.

If any individual or team has questions, they may contact the Hub via email at FSS-Hub@fao.org or pose any other queries during the upcoming Food Systems Solution Dialogues.