Country-Budget Tool for Food Systems Transformation

Filling an SDG data Gap
Food Systems Transformation
A New Global Challenge

Without it, climate agreements & Agenda 2030 will remain unattainable.
Ensure environmental sustainability

Food systems contribute up to 1/3 of global GHG emissions

80% of biodiversity loss

Use up to 70% of freshwater resources
Data Gap

1. **How much** financing is going to Food System?

2. To **which parts** of Food System is financing going?

3. What are the financing **gaps & needs**?

4. Does financing **target** the sectors and people most in need?

Decision-makers & Stakeholders
No information on level of financing to Food Systems

“Member states request analytical support and tools to realize targeted allocation of public financing to food systems”

African Union
Country-Budget Tool for Food Systems Transformation

1. A methodology & tool to help countries measure public & private financing to Food System transformation

2. Evidence to inform targeted investment decisions

3. A comprehensive picture of resource allocation vs. country priority food systems transformation areas
IFAD & WB engaged with leading institutions recognizing complexity, complement work of others & build trust

- African Agricultural Transformation Initiative with expertise from McKinsey & Company
- Inter-American Institute for Cooperation on Agriculture
- Akademia2063
- Good Food Finance Network
- World Business Council for Sustainable Development
- AGRA
- Global Donor Platform on Rural Development
- Global Alliance for Improved Nutrition
- Organization for Economic Co-operation and Development
- Food and Agriculture Organization Investment Centre
- World Benchmarking Alliance
- Climate Policy Initiative
- African Union
- Smallholder and Agri-SME Finance and Investment Network (SAFIN)
Methodology
Analysing expenditures: 4 key decision areas for tool development

1. **Flows**
   What type of financing (public budget, international development aid, private) do we consider?

2. **Framework**
   What is the definition of Food Systems?

3. **Tagging approach**
   How do we tag and allocate specific expenditure to Food Systems’ categories?

4. **Data Sources**
   Which expenditure data sources do we use?
1. Based on Financing flows: the tool will have 3 modules

Module 1
Public finance

Module 2
ODA, OOF and philanthropic finance

Module 3
Private finance

Link with national pathways & Food Systems assessments
2. Framework: the tool uses definition of Food Systems from CFS-HLPE
# Tagging approach

<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
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<tbody>
<tr>
<td>Identify expenditure</td>
<td>• Obtain <strong>primary data</strong> (e.g., IMF, OECD)</td>
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<tr>
<td></td>
<td>• Fill gaps with <strong>secondary data</strong> (e.g., FAO-MAFAP)</td>
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<tr>
<td>Tag expenditure</td>
<td>• Link expenditure purpose code to Food System categories</td>
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<td></td>
<td>• Based on government functions/COFOG)</td>
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### Challenges & implications

- **Time-intensive process** of sourcing data due to lack of global sources
- **Data gaps** due to limits in secondary data
- Potential **reduced accuracy** with allocation factors, requires further validation with experts
Timeline & Pilots
A 6-month sprint to co-develop country budget tool prototype

- **15 Feb**
  - Data processing
  - Pilot countries engagement

- **01 March**
  - Prototype design
  - Data entry

- **01 Apr**
  - Data review
    - Pilot countries & OECD

- **01 May**
  - Validation
    - Pilot countries & OECD

- **01 Jun**
  - Test prototype

- **July 2023**
  - FSS Stocktake
  - Launch prototype
Pilot countries

1. Kenya
2. Ghana
3. Honduras
4. Peru

Regional Implementation Partners
Stakeholders Engagement

National Convenors

Ministries of Agriculture & Finance

Development Partners

Other Stakeholders
➢ Indigenous People
➢ Producers
➢ Youth

Finance Community

Targeted Engagement Fora
➢ IFAD Governing Council
➢ World Bank Spring Meeting
➢ Finance for Development Summit
➢ OECD Development Forum
➢ AGRF

UN Country Teams