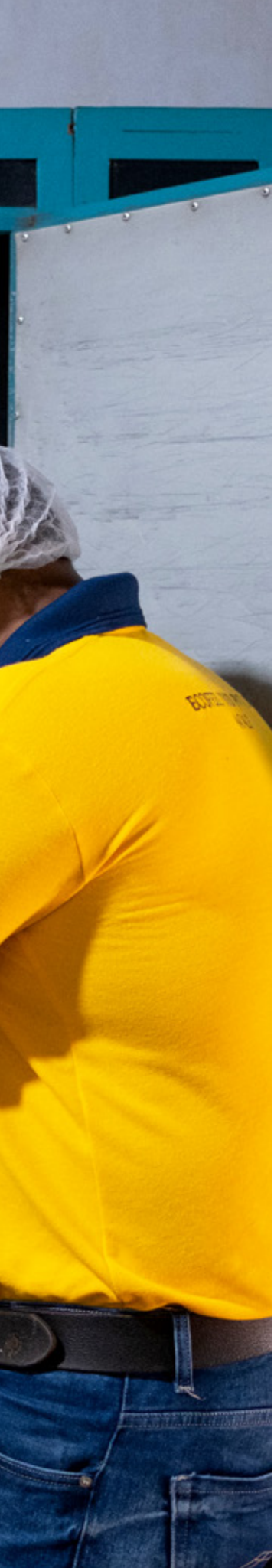


er 2



ROSEEL RUBBER (PVT) LTD
MAYLE



EXECUTIVE SUMMARY

Globally, countries are grappling with rising food, fertilizer and fuel prices, and increasing food insecurity and malnutrition, brought on by the escalating impacts of climate change, conflict and COVID-19. The disruption of ecosystems, agrifood production systems and value chains is causing an unprecedented rise in global hunger, malnutrition, poverty and distress migration. In the future, extreme weather, geopolitical instability, and pest and disease outbreaks are likely to increase, exacerbating the risk of food crises.

In this context, there has never been a greater need for coordinated donor investments and collaboration that align with partner countries' needs and priorities. However, emerging crises, pressure on resources and weakening multilateral cooperation in an increasingly fragmented geopolitical context combine to increase the challenges to effective donor coordination. In the coming years, there is likely to be a critical need for balancing short-term responses to crises with longer-term development, to create food systems that adequately respond to the challenges of the future, that can ensure food and nutrition security, and that are resilient in the face of growing food demands, market disruptions and the impacts of climate change, loss of biodiversity and soil degradation. As overseas development assistance is not sufficient to address the global needs of food systems, donors will need to optimize their catalytic potential through greater policy coherence and better coordination between development partners and partner countries.

Over the past year, the GDPRD has led discussions on improving donor coordination for food systems transformation and rural development. The GDPRD's *Stocktaking Report on Donor Contributions to Food Systems* and white paper *Transforming Food Systems: Directions for Enhancing the Catalytic Role of Donors* emphasize the critical and catalytic role of donors in facilitating structural transformations in the functioning of food systems. The GDPRD's *Declaration of Intent on Food Systems Transformation* signals the intention of the GDPRD and its members to work proactively and in a coordinated way to help build on the outcomes of the United Nations Food Systems Summit (UNFSS). Importantly, the GDPRD's *2022 Annual General Assembly* focused on national pathways for food systems transformation and highlighted the need for enhanced effectiveness and coordination of donors at the country level, especially in times of crisis and conflict.

Building on the momentum of this work and recognizing the critical importance of donor engagement and coordination, the GDPRD initiated a review of good practices for donor coordination for food systems transformation and rural development in July 2022. This report summarizes the key messages that have emerged from this workstream and draws on a literature review on donor coordination; key informant interviews and discussions with donors, experts and practitioners working on food systems issues at the country and global levels; a seminar on donor coordination; and an analysis of best practices for donor coordination. It also draws on discussions held at the high-level dialogue “Donor Coordination for Food Systems Transformation: A Forward Agenda”, held in Rome, Italy, on 27 June 2023, and co-hosted by the GDPRD, IFAD and the European Commission. The report’s conclusions and recommendations seek to better support donors and their partners with practical guidance on how to improve coordination and alignment in the areas of food systems and rural development, particularly at the country level.

Key messages

1 Coordination is more important than ever but remains far from optimal. The emergence of the food systems agenda, combined with current global crises that are increasing the demand for donor resources, is creating an ever-greater need for coordination. There is no doubt that coordination has improved, and there are a range of notable examples of good coordination at the country and global levels. However, coordination remains far from optimal, as donors contend with the pulls and pressures from escalating crises, geopolitical tensions, domestic priorities, diverging views on the best ways forward and increasing demands for constrained development assistance funds. There remain numerous, often small, programmes and projects at the country level with limited coordination, alignment and synergy. The potential benefits of further enhancing donor coordination are increasingly being articulated by partner governments and other development partners.

2 The food systems agenda brings new coordination challenges, but also opportunities. The food systems approach offers the opportunity for us to think holistically about food systems, beyond the confines of value chain analysis and specific thematic areas. While there is increasing support for and recognition of the need for a food systems approach at the country level, in practical terms a food systems framing brings a whole new level of complexity to the issue of coordination, both within partner governments and between partner governments and donors. More specifically, donors need to recognize how they can best support systems change at the national level. There appears to be a rapidly deepening level of support among both donors and partner countries for a food systems approach, which opens up opportunities for better coordination. However, the degree to which the food systems framing has been adopted across different countries remains quite varied.

3 Working to support partner government agendas is fundamental, but not always straightforward. For coordination to be effective, the agenda must be set and led by partner governments, with donor investments aligning with and in support of national development plans and priorities. However, effective negotiation is required to align the policy priorities and capabilities of partners and donor governments. The national food systems pathways are an important mechanism for supporting and deepening discussions on food systems approaches and providing donors with entry points for their support. Although partner governments and donors alike are keen to implement the pathways and committed to doing so, on the ground a complex set of planning, coordination and financing issues impede their efforts to work in an integrated, cross-sectoral and cross-ministerial way.

4 Coordination to align different modalities of development finance and leverage private sector finance is critical. There are increasingly diverse funding approaches and modalities at the country level, and it is increasingly recognized that development finance must effectively leverage private sector investments. The impact of development finance can be enhanced by ensuring that programmes are complementary and aligned in terms of food systems issues (e.g. linking to agriculture, nutrition and health), geography (e.g. at the subnational level) and types of funding (e.g. grant funding, budget support, technical support, concessional and non-concessional loans). However, attention on blended financing models, which can link grant funding with concessional loans and private sector financing (including micro-, small and medium-sized enterprises), remains insufficient to drive change. In implementing these models, coordination to tackle the financial risk of private sector investment is key.

5 Collaborative funding for data-gathering, policy innovation, research, and monitoring and evaluation is key for greater efficiency, effectiveness and impact. At the country level, donors and national governments often invest in “hard” initiatives with short-term impacts on the ground, such as infrastructure development, focused value chain development and business development. However, food systems transformation also requires complementary “softer” investments in areas such as data-gathering, policy innovation, research, and monitoring and evaluation. These areas are critical building blocks for achieving longer-term impacts and are where donor coordination is vital to avoid duplication of efforts and achieve sufficient scales of funding.

6 Integrating crisis response with development is an increasingly important issue. Balancing and integrating short-term crisis response with long-term development is a key issue, particularly in the face of impacts of climate change and the need for resilient food systems. It is widely recognized that donors need to remain flexible and responsive to existing and emerging food crises and will need to design programmes and funding mechanisms to do this at short notice. Enhanced foresight and scenario analyses will also be required to better prepare for future uncertainties and shocks. Balancing and integrating short-term crisis response with long-term development is and will continue to be an increasingly critical issue for donors.

7 Donor and partner government coordination needs to be backed up by effective and ongoing dialogue and engagement with all actors across food systems.

Food systems represent a vast sector and require the engagement of a diversity of stakeholders beyond governments and donors. To be effective, coordination mechanisms must engage key actors, including those whom these programmes seek to have an impact on – that is, smallholders, youth, women and local communities. Strengthening community ownership and engagement at the local level is as critical as building political will and intent at higher levels in government. National coordination mechanisms must seek to adopt multisectoral and multi-stakeholder approaches that engage in dialogue with key stakeholders, including government, donors, the private sector, communities and civil society.

8 Collaborative planning and mapping of donors’ activities at the country level are key to improving coordination and effectiveness at the country level.

There is a clear need for more collaborative approaches to development partner coordination at the national level. While there are an increasing number of coordination mechanisms at the national level, these are often “show and tell” forums in which donors and development partners share their plans, rather than mechanisms for proactive collaborative planning to align investments, initiatives and projects. Furthermore, food systems coordination falls in a gap between overall development coordination with partner governments and sector working groups. For effective coordination at the national level, it is vital that development partners engage closely with partner governments and other stakeholders, including donor-to-donor coordination.

9 Effective country-level coordination requires strong donor coordination at the global level.

Ultimately, effective coordination at the national level requires donors and other development partners to be aligned on their policies and priorities at the global level. Despite an increasing number of high-level global forums (including the Organisation for Economic Co-operation and Development’s Development Assistance Committee) and events, and the work of the GDPRD, donors appear to lack a regular process for discussing existing and emerging coordination issues on a sustained basis.

10 Food systems transformation requires donors and development partners to think and work in fundamentally different ways and align their investments more effectively with the national and local contexts.

Food systems are complex, specific to local areas, and constantly changing and adapting. Conventional donor-funded programmes and initiatives focused on niche areas with set theories of change and frameworks cannot be easily mapped against this complexity. Food systems thinking requires donors to place themselves much more concretely in the local context, and to commit to co-designing, co-developing and co-implementing initiatives with partner governments and other national stakeholders.

Recommendations

Drawing together information from interviews, literature, the seminar and the high-level event, recommendations for donors are provided in the following eight areas.

- 1** Develop national food systems transformation pathways as a key framework for aligning donor investments with national priorities for food systems transformation.
- 2** Proactively support enhanced collaborative planning at the national level.
- 3** Develop donor-specific coordination policies and principles to achieve food systems transformation.
- 4** Create more effective information systems to support coordination at the national and global levels.
- 5** Review the merits and complementarity of different funding modalities, including global programmes, bilateral projects, sector support and international financial institutions.
- 6** Increase coordinated funding for initiatives that support the underlying processes needed for structural change in food systems, in particular stakeholder dialogue and policy reform.
- 7** Review options for enhanced and regular donor coordination mechanisms at the global level to provide donors with a more structured approach to coordinating responses to emerging issues or upcoming global forums, including the G7 and G20 summits, and achieve better harmonization at the country and subnational levels.
- 8** Establish mechanisms to assess the effectiveness of donor coordination and food systems transformation, particularly at the country level.