



Global Donor
Platform for
Rural Development

ANNUAL GENERAL ASSEMBLY 2024

Financing Food Systems Transformation and Rural Revitalization: Opportunities and Challenges

Setting the scene

2024 ANNUAL GENERAL ASSEMBLY

HIGH-LEVEL SESSION

**Catalytic
Development
Finance for a
Sustainable and
Resilient Future**

Background and Scene Setting



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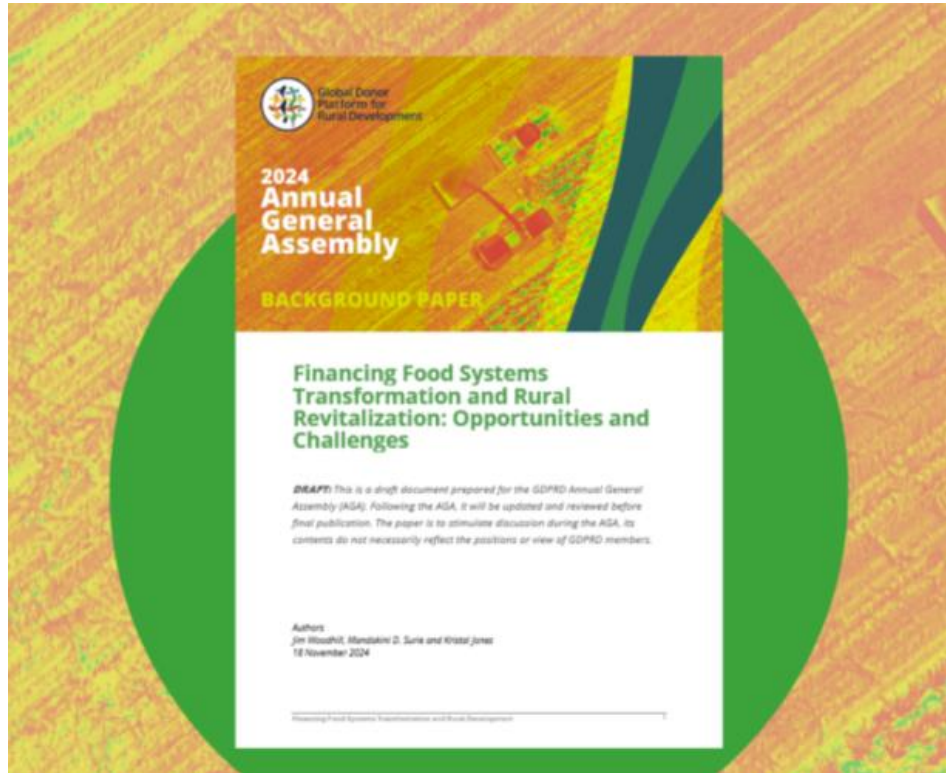
FAO



Jo Puri

IFAD

Background paper



- **Collates key messages** from recent report
- Provides an **overview** of development financing concepts and terms
- Reviews **current levels** of funding for food systems and
- Examines **emerging** innovative and blended financing mechanisms
- Looks at **ways forward** and **implications** for donors

Some big numbers!

Cost of achieving
SDG2: US\$31
billion
additional/year
(0.03% of global
GDP)

ODA to agriculture
forestry and
fisheries:
US\$14.1 billion
annual (5-6% of
ODA)

Cost of
malnutrition:
US\$3.5 trillion

Cost of
transforming food
systems:
US\$400
billion/year
(0.4% of global
GDP)

Investment by
informal
producers and
SMEs in
L&MICs:
US\$412
billion/year

Private capital
leveraged by
blended finance:
US\$240 million
year

30% of world's
population can't
afford a health
diet

Global GDP 2023:
US\$105 trillion

New agrifood
business
opportunities:
US\$4.5 trillion

The hidden cost
of food: US\$12
trillion/year

The report provides an overview of development finance concepts and terms



Examples of innovative and blended finance



Types of financing mechanisms

- Pooled donor/Fl/private finance funds
- Bonds
- Impact investing
- Loans/concessional loans
- Equity investment
- Guarantees
- First loss
- Insurance
- Technical assistance
- Supply chain finance

Blended/innovative financing

Emerging Ecosystem of Innovative Finance for Food Systems

Enabling Environment

Food systems
finance
networks
monitoring
and learning

National
government
policies

International
financial
architecture

Financing Structures

Sources of Financing

Bilateral
donors

IFIs

Capital
markets

DFIs

Impact
investors

Foundations

Private banks

Agri-food
corporations

National
governments

Assembling Finance

Loans

Equity

Insurance

Funds and blended finance mechanisms

Brokering Access to Finance

Intermediary
financing

Technical
support

Value chain
development

Small-scale producers and SMEs

Larger scale value chain actors
(contracts, credit, services, advice)

Product and service demand

Market Demands for Responsible Investment

Sustainability
principles

Corporate
social
responsibility

Reputational
risk

Transparency
and reporting

Consumer
demand for
sustainable
and socially
responsible
products
and services

Ways forward

1. **Shifting** the narrative
2. **Mitigating** risk
3. Tackling the “**last mile**” of financing
4. Responding to **structural constraints**
5. **Diverse range** of financial instruments being employed
6. **Scaling** blended/innovative financing mechanisms
7. Accessing **climate finance**
8. Getting the **data** and **setting targets**

Implications for donors



1. **Rebalance** portfolios towards more innovative financing mechanisms
2. Increase the **risk appetite**
3. Make the case that public investment in food systems will provide **good returns**
4. Tackle **structural** and **policy barriers**
5. Recognize the public investment that will be needed in **LICs** and **fragile/difficult contexts**
6. Support **monitoring** and **learning** about innovative/blended finance
7. **Coordination, coordination, coordination**



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Thank you

