

# OFFICIAL FEEDBACK FORM

DIALOGUE DATE	Wednesday, 17 March 2021 13:30 GMT +01:00
DIALOGUE TITLE	Financing the transition towards inclusive, sustainable food systems: the role of Public Development Banks
CONVENED BY	International Fund for Agricultural Development (IFAD) & Finance in Common Working Group on Financing Sustainable Food Systems
DIALOGUE EVENT PAGE	<a href="https://summitdialogues.org/dialogue/6187/">https://summitdialogues.org/dialogue/6187/</a>
DIALOGUE TYPE	Independent
GEOGRAPHICAL FOCUS	No borders

The outcomes from a Food Systems Summit Dialogue will be of use in developing the pathway to sustainable food systems within the locality in which they take place. They will be a valuable contribution to the national pathways and also of interest to the different workstreams preparing for the Summit: the Action Tracks, Scientific Groups and Champions as well as for other Dialogues.

# 1. PARTICIPATION

## TOTAL NUMBER OF PARTICIPANTS

177

## PARTICIPATION BY AGE RANGE

0 0-18 15 19-30 56 31-50 31 51-65 4 66-80 0 80+

## PARTICIPATION BY GENDER

109 Male 69 Female Prefer not to say or Other

## NUMBER OF PARTICIPANTS IN EACH SECTOR

Agriculture/crops	Education	Health care
Fish and aquaculture	Communication	Nutrition
Livestock	Food processing	National or local government
Agro-forestry	Food retail, markets	Utilities
Environment and ecology	Food industry	Industrial
Trade and commerce	Financial Services	Other

## NUMBER OF PARTICIPANTS FROM EACH STAKEHOLDER GROUP

Small/medium enterprise/artisan	Workers and trade union
Large national business	Member of Parliament
Multi-national corporation	Local authority
Small-scale farmer	Government and national institution
Medium-scale farmer	Regional economic community
Large-scale farmer	United Nations
Local Non-Governmental Organization	International financial institution
International Non-Governmental Organization	Private Foundation / Partnership / Alliance
Indigenous People	Consumer group
Science and academia	Other

## 2. PRINCIPLES OF ENGAGEMENT

### HOW DID YOU ORGANIZE THE DIALOGUE SO THAT THE PRINCIPLES WERE INCORPORATED, REINFORCED AND ENHANCED?

- Adherence to the principles was explained and underlined in the invitation to attend. - Discussion topic and stakeholder grouping strongly linked to all Action Tracks and involving finance lever leads (commit to Summit). - Used facilitators template to focus discussions on relevant Summit issues, briefed facilitators on approach, including to steer discussions towards a focus on actions, not problems (act with urgency) - Ensured participation of a variety of stakeholders around the main actors (public development banks), including those with potentially divergent opinions by reaching out to a very wide range of partners (inclusivity) - Ensured facilitators were knowledgeable, independent and well-briefed on the process and objectives (recognizing complexity, respect)

### HOW DID YOUR DIALOGUE REFLECT SPECIFIC ASPECTS OF THE PRINCIPLES?

- Multiple stakeholders represented (public development banks, private capital, research institutes, country representatives) - Working Group discussions focused on outcomes, solutions, concrete actions.

### DO YOU HAVE ADVICE FOR OTHER DIALOGUE CONVENORS ABOUT APPRECIATING THE PRINCIPLES OF ENGAGEMENT?

# 3. METHOD

The outcomes of a Dialogue are influenced by the method that is used.

DID YOU USE THE SAME METHOD AS RECOMMENDED BY THE CONVENORS REFERENCE MANUAL?

☒

Yes

☐

No

## 4. DIALOGUE FOCUS & OUTCOMES

### MAJOR FOCUS

This Independent Dialogue sought to spur discussion around the following key issue: how can Public Development Banks (PDBs), as a unique group of development actors, use their specific public mandates, counter-cyclical roles, tools and resources, to best finance the transition towards more sustainable, inclusive food systems.

Convened by IFAD – lead for the Food Systems Summit’s Action Track 4 on ‘Advancing Equitable Livelihoods’ – and Finance in Common (a PDB initiative), and curated by the Smallholder and Agri-SME Finance and Investment Network (SAFIN), the event followed the convening of the Finance in Common Summit – the first global gathering of PDBs in November 2020. It built on ongoing discussions and convening of PDBs with a mandate in rural development and agricultural finance through a Finance in Common Working Group on Financing Sustainable Food Systems, convened by IFAD, which aims to share knowledge and good practice. It brought together PDBs as well as other major actors in the financial ecosystem (private capital, MDBs, research institutions), to identify potential game-changing initiatives that can be implemented in partnership with others (around 130 participants in total).

The session was opened by Johann Swinnen, Director-General of IFPRI (co-lead of the Food Systems Summit Finance lever), followed by a panel focused on innovative approaches applied by PDBs to generate interest, engagement, and inspire out-of-the-box thinking. A series of break-out groups discussed four priority issues where there is considerable scope for innovation and impact on the part of PDBs, as highlighted through a joint statement of a ‘PDB agriculture cluster’ released in the lead-up to the Finance in Common Summit:

- Mobilizing sustainable investment capital from the market: PDBs as issuers of “green” investment products for agriculture
- Sustainable models to reach last mile rural financial clients
- Digitally-enabled innovations for increased PDB sustainability and outreach across food systems
- Aligning the financial ecosystem for food system transformation: effective partnership models

Facilitators for each session were selected due to their strong expertise in the sector and were briefed before-hand on process and the need to focus on concrete, actionable solutions (ie vs. discussing problems).

#### ACTION TRACKS

	Action Track 1: Ensure access to safe and nutritious food for all
	Action Track 2: Shift to sustainable consumption patterns
✓	Action Track 3: Boost nature-positive production
✓	Action Track 4: Advance equitable livelihoods
	Action Track 5: Build resilience to vulnerabilities, shocks and stress

#### KEYWORDS

✓	Finance		Policy
✓	Innovation	✓	Data & Evidence
	Human rights	✓	Governance
	Women & Youth Empowerment		Trade-offs
		✓	Environment and Climate

MAIN FINDINGS

PDBs have the mandates, positioning and tools to play a more catalytic role in accelerating the transition towards more inclusive, sustainable food systems. As public bodies, they are able to convene diverse stakeholders and set and promote the adoption of shared standards to accelerate investment. As banks with social impact mandates, they can leverage concessional financing and specific tools to attract investment to the sector (eg guarantees, blending instruments, concessional financing for early-stage innovations, etc).

Their impact can be maximized by being targeted about the way in which these tools are deployed (e.g. to crowd-in private sector financing, not crowd it out), by intervening in the segments of the economy where they have the greatest comparative advantage (e.g. in de-risking private capital, in serving bankable clientele, etc.), and by ensuring their own robust governance. There is significant scope for PDBs to mobilize additional finance to invest in agriculture and food economies, to channel it in ways that incentivize sustainable practices, and to invest in and promote innovations that accelerate sustainable practices and help more efficiently reach 'last mile' rural clients. There is a particular opportunity to better mobilize private finance (e.g. through issuance of green bonds, but also concessional finance (e.g. climate finance), and to channel it to fund and incentivize sustainable practices across food systems. PDBs be catalytic in addressing some of the main roadblocks to doing this at scale in the food and agriculture sector (e.g. by addressing lack of harmonized standards for what constitutes 'green' finance). PDBs can leverage their deep reach and networks to bring together the right actors and to accelerate good practice and innovation, including digital innovation, and help shape the policy environment in order to improve outreach to those most in need of financing ('last mile').

In order to take advantage of this possibility, several proposals for action were made, including:

- Convening of a coalition of PDBs to share knowledge and experiences, including, but not limited to, mobilization and application of green finance in the food and agriculture sector. Such a group could help to set and promote the adoption of shared standards for the measurement and verification of what constitutes 'green' finance in the sector.
- Launch of a 'Solutions Lab' or 'Innovation Facility' to help identify, develop, and finance innovations, including digital platforms developed by private sector partners. Activities could include standard-setting and promotion, early-stage investment in new innovations, in partnership with others (e.g. venture investing community), and support for mechanisms that connect producers to markets using blockchain-based payment systems. Such systems could incorporate payments for ecosystems services or externalities.
- Leveraging PDBs' convening power to launch partnership round-tables around specific regions or value chains to enhance coordination amongst actors.

ACTION TRACKS

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OUTCOMES FOR EACH DISCUSSION TOPIC - 1/4

1. Mobilizing sustainable investment capital from the market

- Objective is: (1) to mobilize private investment in agriculture (PDBs as issuers of green bonds); and (2) redeploy that capital through green financial products to incentivize best practices on the ground and de-risk investments.

- This requires: (1) technical capacity and a package of clearly defined products; (2) standardized, simplified approaches to identify, track, and validate impact; (3) better understanding amongst investors of the risk profile of green agricultural investments; (4) risk-sharing vehicles (e.g. blending finance); (5) incentives to justify the higher price of green products (e.g. tax breaks); and (6) favourable policy and regulatory environments.

- PROPOSAL ▯ Coalition of PDBs to join capabilities and share experiences as: (1) issuers of bonds, setting common targets, rules and understanding; and (2) development and issuance of integrated services and green financing instruments (e.g. insurance, advisory/extension services, etc,) to incentivize best practices and de-risk investments. Leverage group to develop clear, shared taxonomy of what is measured as green within the sector.

ACTION TRACKS		KEYWORDS	
	Action Track 1: Ensure access to safe and nutritious food for all	✓ Finance	✓ Policy
	Action Track 2: Shift to sustainable consumption patterns	✓ Innovation	✓ Data & Evidence
✓	Action Track 3: Boost nature-positive production	Human rights	Governance
✓	Action Track 4: Advance equitable livelihoods	Women & Youth Empowerment	Trade-offs
✓	Action Track 5: Build resilience to vulnerabilities, shocks and stress		✓ Environment and Climate

OUTCOMES FOR EACH DISCUSSION TOPIC - 2/4

2. Sustainable models to reach last mile rural financial clients

- PDBs can play a more catalytic role in attracting investors to serve 'last mile' rural clients, by:
  - o focusing operational activities at the wholesale level (attracting and channelling concessional finance and technical support to rural financial institutions, who in turn target the last mile);
  - o helping to improve the policy environment;
  - o improving digital and non-digital infrastructure (e.g. piloting digital solutions – such as automation, bulking of functions – that can improve rural financial institutions' efficiency; and
  - o improving their own governance to enhance efficiency and performance.
- PROPOSAL ▯ Establishment of a 'solutions lab' to support innovation, digitalization, and financing of rural financial institutions. The objective would be to design, deliver and trigger innovation, help rural financial institutions learn from one another, and improve access to value chain specific information and funds to de-risk and increase investments in 'last mile' agricultural actors. The ultimate goal would be to lower costs of and increase access to financial services, including savings, among clients and communities in rural areas.

ACTION TRACKS		KEYWORDS	
<input type="checkbox"/>	Action Track 1: Ensure access to safe and nutritious food for all	<input checked="" type="checkbox"/>	Finance
<input type="checkbox"/>	Action Track 2: Shift to sustainable consumption patterns	<input type="checkbox"/>	Innovation
<input checked="" type="checkbox"/>	Action Track 3: Boost nature-positive production	<input type="checkbox"/>	Human rights
<input checked="" type="checkbox"/>	Action Track 4: Advance equitable livelihoods	<input checked="" type="checkbox"/>	Women & Youth Empowerment
<input checked="" type="checkbox"/>	Action Track 5: Build resilience to vulnerabilities, shocks and stress	<input type="checkbox"/>	Policy
		<input checked="" type="checkbox"/>	Data & Evidence
		<input type="checkbox"/>	Governance
		<input type="checkbox"/>	Trade-offs
		<input checked="" type="checkbox"/>	Environment and Climate



## OUTCOMES FOR EACH DISCUSSION TOPIC - 3/4

### 3. Digitally-enabled innovations for increased PDB sustainability and outreach

- PDBs have specific role and advantage in incentivizing and rolling out digital innovations:
  - o Convening power (bring together diverse actors, establish common standards);
  - o Networks with TA providers and private capital to accelerate financing of novel solutions;
  - o Opportunity to operate in early-stage/venture ecosystems (though they currently lack familiarity), through separate funds or as an 'honest broker' in these ecosystems.
  - o Connections with concessional financing (esp climate), which can be integrating into pay-for-results models, enabled by digital technologies (e.g. blockchain).
  - o Ability to invest in expansion and adoption of proven digital technologies to improve productivity, better link smallholders to high-value purchasers, and to help lead the digital transformation of different value chains.

- PROPOSAL □ Facility to accelerate deployment of private-sector generated digital platforms for the development of value chains, composed of the following features:

- o Leverage PDBs' convening role to promote common standards, taxonomies, and interoperable protocols across different digital platforms. Non-reimbursable funds would be required to develop and adopt these standards across the industry.
- o A fund to accelerate development of early-stage digital innovations in agriculture, in partnership with leading venture funders to provide required expertise.
- o Digital marketplace to link producers with global markets, with payments and documentation of climate and social results facilitated through blockchain. This platform would also serve as a mechanism to pay for externalities associated with different projects or companies, to the extent that these externalities could be credibly booked on the blockchain infrastructure.
- o A competitive open market for advisory services and technical assistance, linked with vanguard agtech technologies, based on a multi-donor facility. This open market would open advisory services to agtech companies who would be able to compete with established advisory and technology providers. To the extent that results can be credibly booked (based on the standards developed above), the open market would also serve as a quality rating for different providers.

### ACTION TRACKS

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OUTCOMES FOR EACH DISCUSSION TOPIC - 4/4

4. Aligning the financial ecosystem for food system transformation: effective partnership models

- Partnerships should be structured around the expertise of each actor, with PDBs focusing on bankable clients, and with donors and TA providers focusing on building capacities and addressing local market failures. There is a particular need to:
  - o Embed incentives in investment policy objectives of PDBs/DFIs to avoid crowding out of other potential investors.
  - o Design TA to support pipeline development and have clear exit strategies.
  - o Over the longer term, build skills and strengthen the role of farmers' organizations in structuring value chains and improving access to capital.
- PROPOSAL
  - Knowledge hubs at global/regional levels to share learnings and good practices of PDBs based on operations and approaches to value chain development.
  - Partnership roundtable discussions at sectoral or national level to enhance coordination amongst PDBs and other actors

ACTION TRACKS		KEYWORDS	
<input type="checkbox"/>	Action Track 1: Ensure access to safe and nutritious food for all	<input checked="" type="checkbox"/>	Finance
<input type="checkbox"/>	Action Track 2: Shift to sustainable consumption patterns	<input checked="" type="checkbox"/>	Innovation
<input checked="" type="checkbox"/>	Action Track 3: Boost nature-positive production	<input type="checkbox"/>	Human rights
<input checked="" type="checkbox"/>	Action Track 4: Advance equitable livelihoods	<input type="checkbox"/>	Women & Youth Empowerment
<input checked="" type="checkbox"/>	Action Track 5: Build resilience to vulnerabilities, shocks and stress	<input checked="" type="checkbox"/>	Policy
			Data & Evidence
			Governance
			Trade-offs
			Environment and Climate

# AREAS OF DIVERGENCE

Since discussions focused on solutions, no clear areas of divergence emerged. However, the performance of PDBs in specific areas (e.g. depending on where they operate within the spectrum) and the degree to which they may crowd-in, vs crowding out other investments, could be considered an area for further discussion.

## ACTION TRACKS

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## KEYWORDS

- ✓ Finance
- ✓ Innovation
- Human rights
- Women & Youth Empowerment
- Policy
- Data & Evidence
- Governance
- Trade-offs
- ✓ Environment and Climate