Mainstreaming Climate Smart Agriculture:

Financing transformation to support healthy people, a healthy planet and healthy economies

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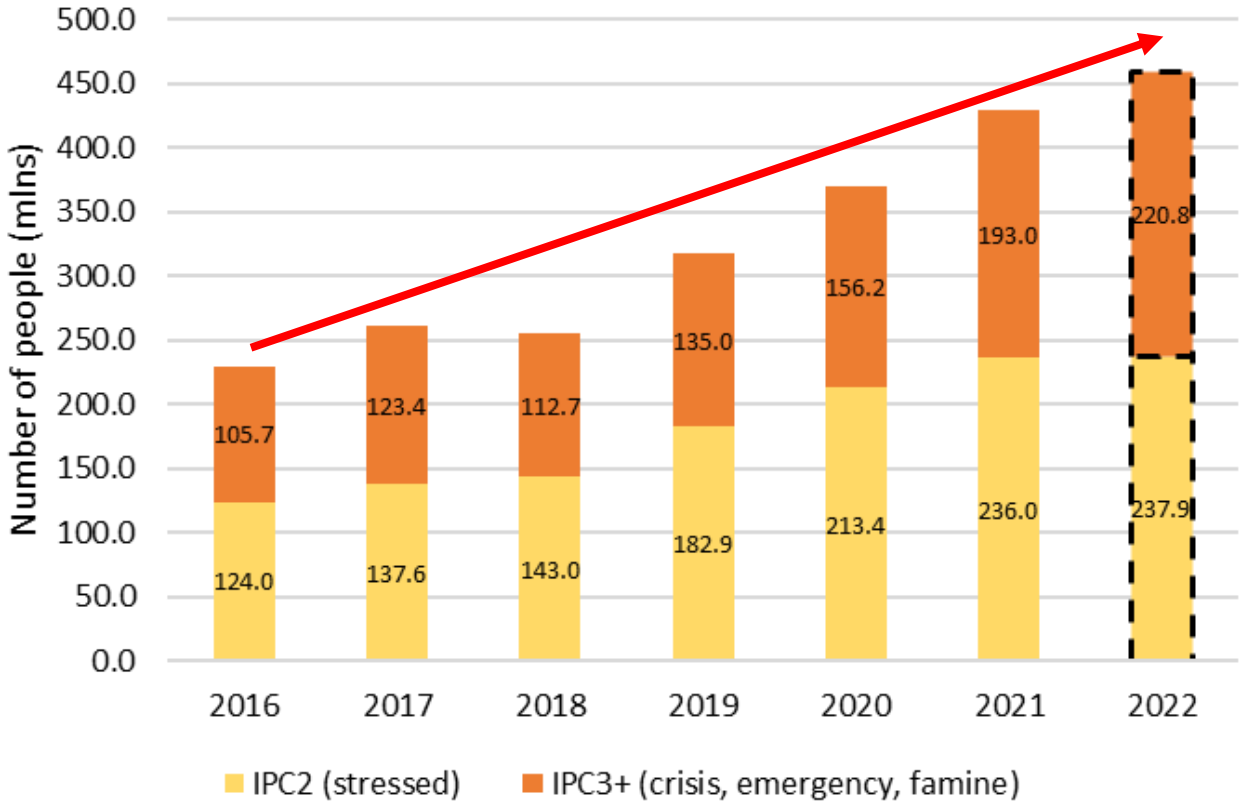
Food insecurity has reached new highs in 2022, and projections indicate that it will continue worsening through 2023

Global acute food insecurity has reached new highs in 2022[1]



This figure draws on updated acute food insecurity figures available for 45 countries in the 2022 mid-year update of the Global Report on Food Crises. Prior year estimates have been included for 8 countries / territories for which updates were not available as of the publication of the mid-year report, namely: Bangladesh, Egypt, Lebanon, Liberia, Libya, Palestine, Rwanda, Syria.

[1] *Adapted from the Global Network Against Food Crises. http://www.fightfoodcrises.net/.*

[2] *Andree,Bo Pieter Johannes. Machine Learning Guided Outlook of Global Food Insecurity Consistent with Macroeconomic Forecasts (English). Policy Research working paper; no. WPS 10202 Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/099224110112215850/IDU0e396273b08036047c8082f8086f52e55c9ac.*

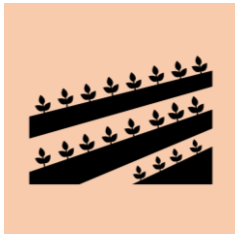
There is not one but many drivers of the crisis which are currently worsening all aspects of food and nutrition security across the globe

Overview of Global Food and Nutrition Security Crisis Drivers

Food Access

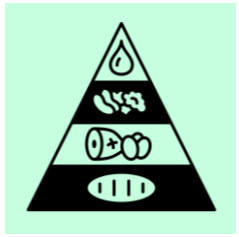
- High domestic food price inflation
- Elevated global commodity prices

Food Availability



- High energy and fertilizer prices
- Adverse trade policies
- Uncertainties of Black Sea Grain Initiative renewal

Food Utilization



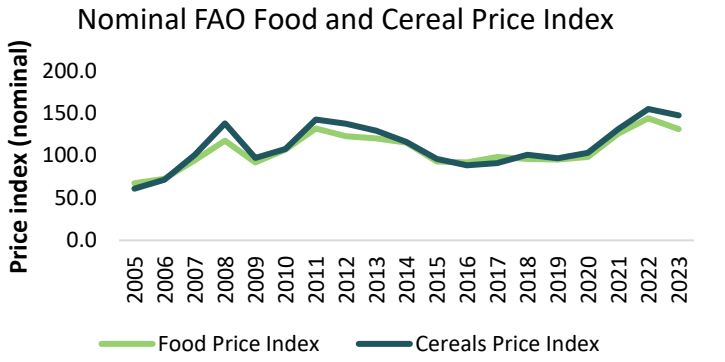
- Households with reduced ability to eat healthy/nutritious food
- More children being wasted and stunted

Food Stability

- Uncertainties of the Russia-Ukraine war
- Tightening interest rates / global recession
- Currency depreciations
- Growing debt burdens
- Adverse impacts of climate change

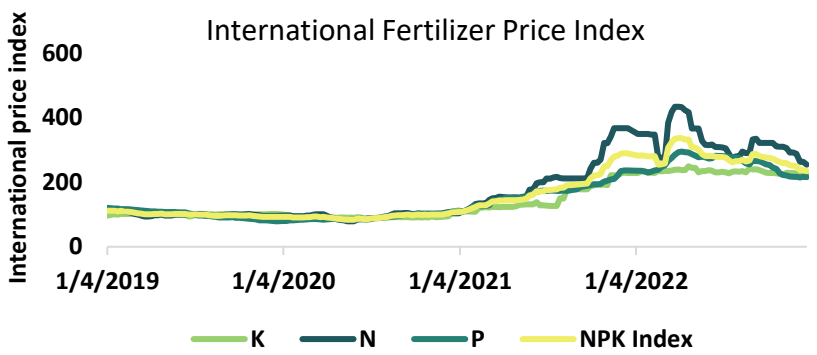
Five key risks continue to impact food access, availability and stability

Food prices are declining but remain high by historical standards



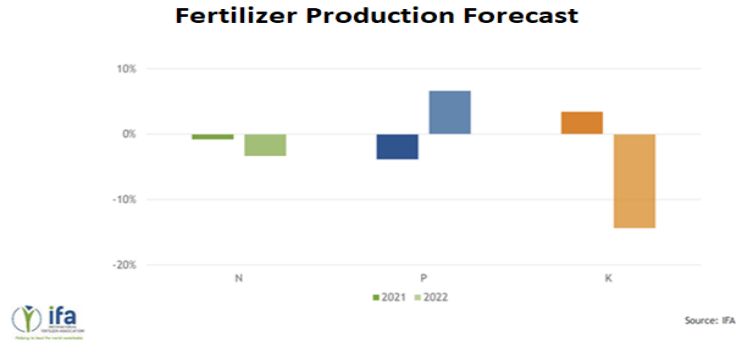
Source: FAO

Global fertilizer prices are declining but remain high by historical standards



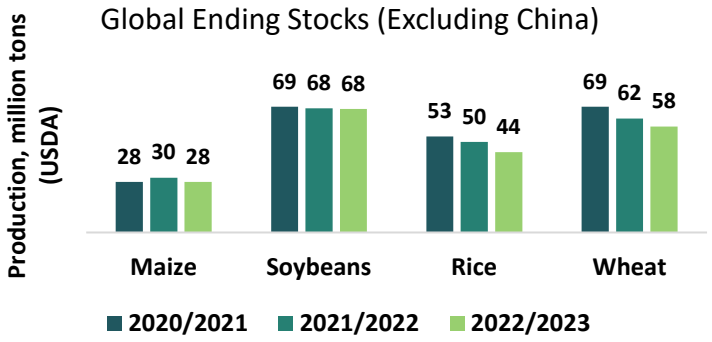
Source: IFPRI; *Note:* 2019 = 100.

Fertilizer supply constraints remain



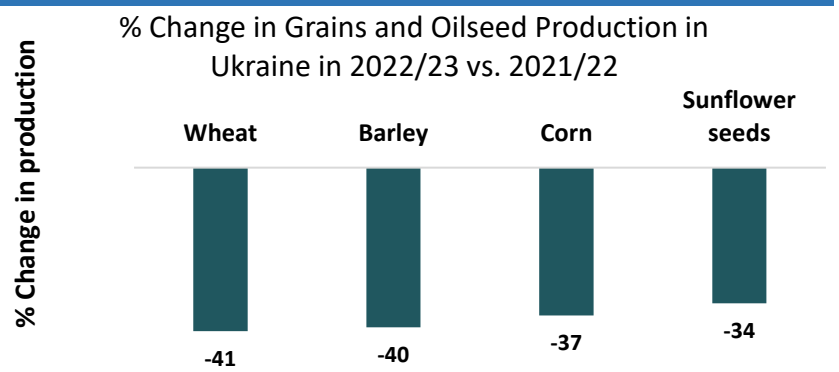
Source: International Fertilizer Association (IFA)

Global food inventories and supply conditions have tightened



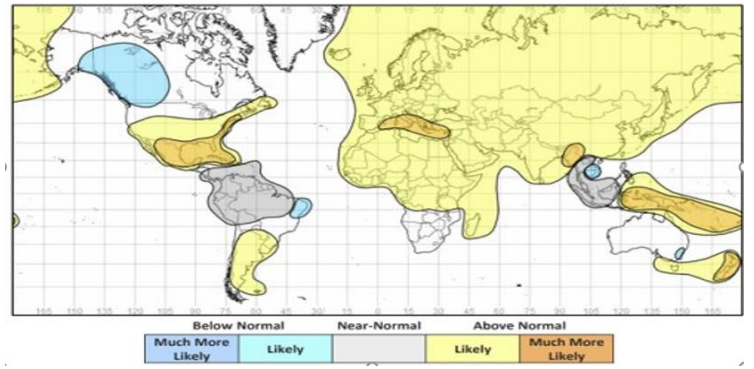
Source: IFRPI, 2023

The war in Ukraine now threatens Ukraine's 2023 grain supply. Thus, even if the Black Sea Grain initiative remains in effect, Ukraine will not be able to supply the same volumes of grain to the world as before.



Source: APK Inform and US Department of Agriculture

La Niña temperature and precipitation may continue through the next several months, creating the sixth consecutive drought season in East Africa



Source: Met Office. "Global: Monthly Climate Outlook October to July". 2023

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World Bank Food and Nutrition Security Response

FNS Response Themes

1. 

Support Production and Producers

2. 

Facilitate increased trade in food and Ag inputs

3. 

Support Vulnerable Households

4. 

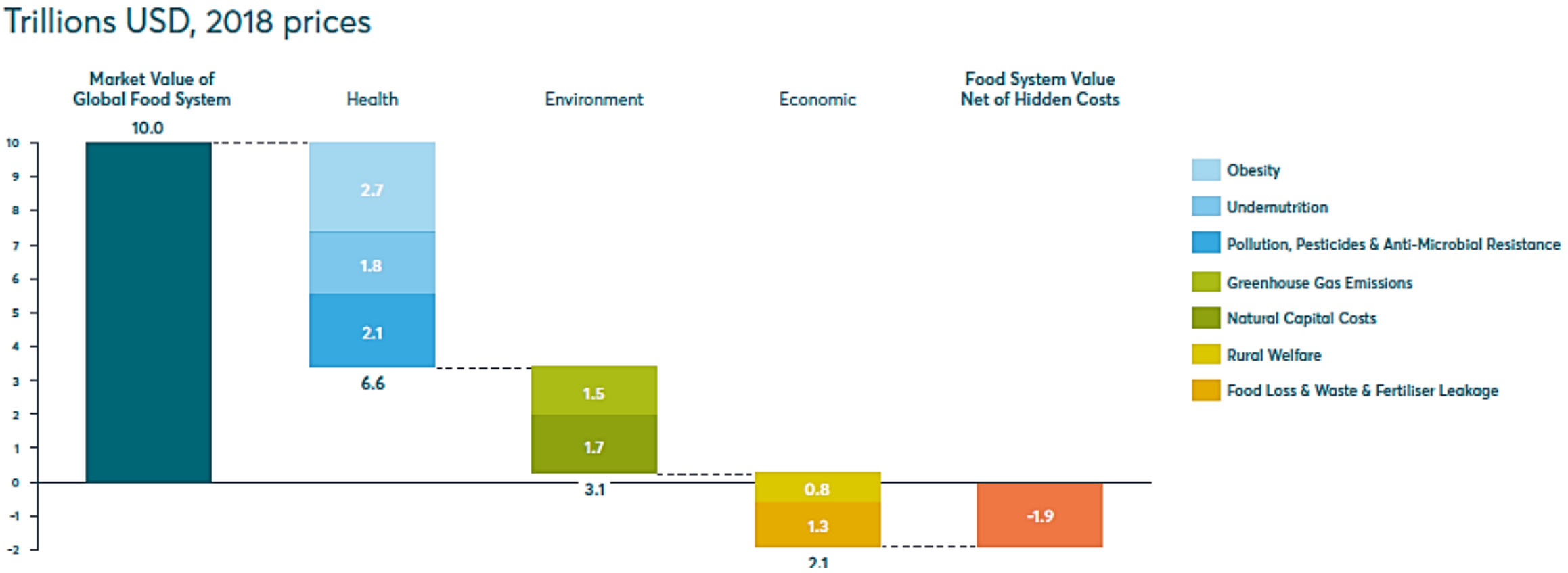
Invest in sustainable food and nutrition security

The WB is **mobilizing *up to* $30 billion between April 2022 and June 2023** in existing and new projects in areas such as agriculture, nutrition, social protection, water and irrigation.

The Bigger Picture Is That The Global Food System Is Not Fit For Purpose

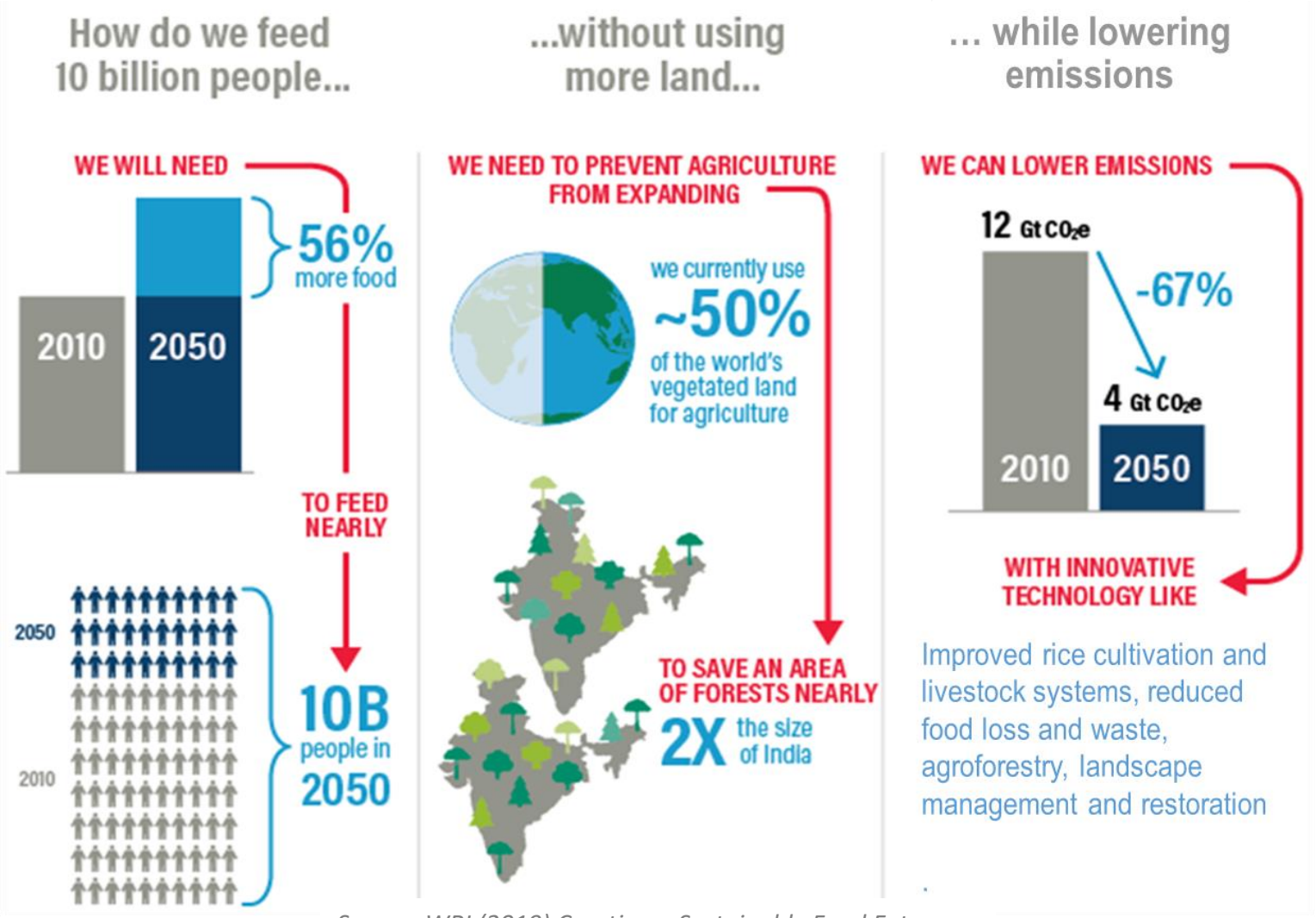
A food system that helps deliver by 2030	Vision/ interrelated targets	Currently off track
Healthy **economy** (inclusive incomes, jobs & livelihoods)	• Increase incomes of poor people that work in the food system • Support structural transformation	• 2030 end poverty target unlikely to be met, significant lag in fragile, conflict affected countries
Healthy **people** (secure and safe food and nutrition)	• End hunger and acute food insecurity • Improve health outcomes [lower micronutrient deficiency and obesity, improved food safety, less zoonotic disease, and reduced AMR]	• Increase in hunger since 2015 • 220 million acutely food insecure • 2 billion people micro-nutrient deficient • 2 billion people overweight or obese • Increase in zoonotic diseases • Anti-microbial resistance
Healthy **planet** (environmentally sustainable practices)	• Operate within safe planetary boundaries for sustainable resource use; lower emissions; boost climate resilience	• Land degradation • Water scarcity • Pollution • 25% of global GHG emissions • Biodiversity loss • High loss and waste

Social Costs Outweigh The Market Value of The Global Food System



Source: Food and Land Use Coalition (FOLU) Global Report 2019

Current And Emerging Challenges Are Massive



Source: WRI (2019) Creating a Sustainable Food Future

... while improving climate resilience and without contributing to further water insecurity

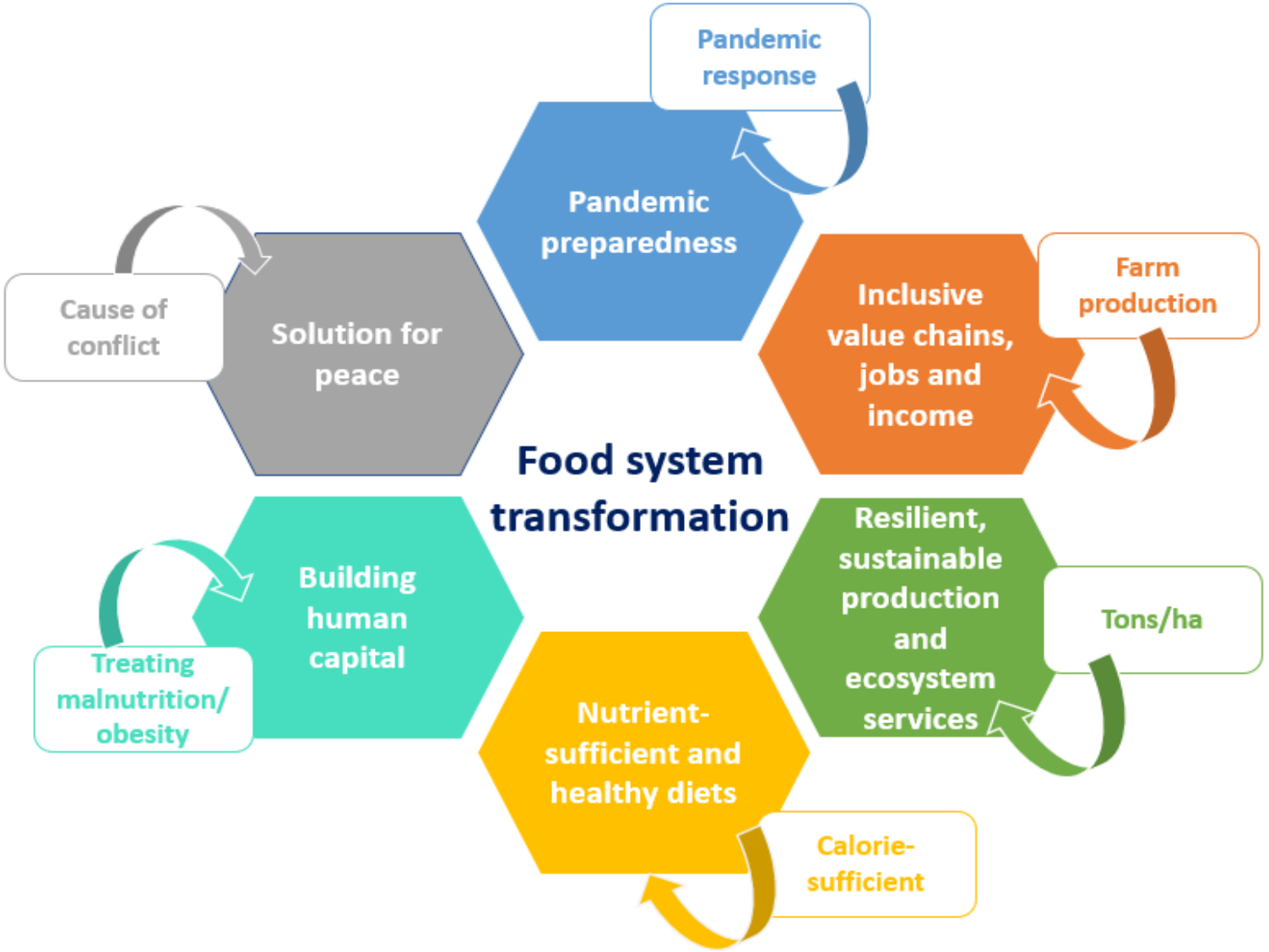
... while improving nutrition and building human capital

...and lifting the poor who work in the food system out of poverty?

The Vision: A Global Food System in Support of Healthy People, Planet, Economy

Volatile, unsustainable and inequitable growth

Green, resilient and inclusive development



What does this Vision mean for Farmers?

Farmers need to be resilient and climate smart through 3 revenue streams:

1 FIRST REVENUE STREAM

- **More healthy Food from More Productivity**
  - Climate smart agriculture
  - Diet oriented production – vegetables and proteins versus carbos and fats
  - Less food loss and waste
  - Better market access from remote areas
  - Buffering global supply disruptions

2 SECOND REVENUE STREAM

- **Payment for Environmental Services**
  - Carbon sinks – forests, soils
  - Biodiversity set-asides
  - Pollutant recycling
  - Biosecurity

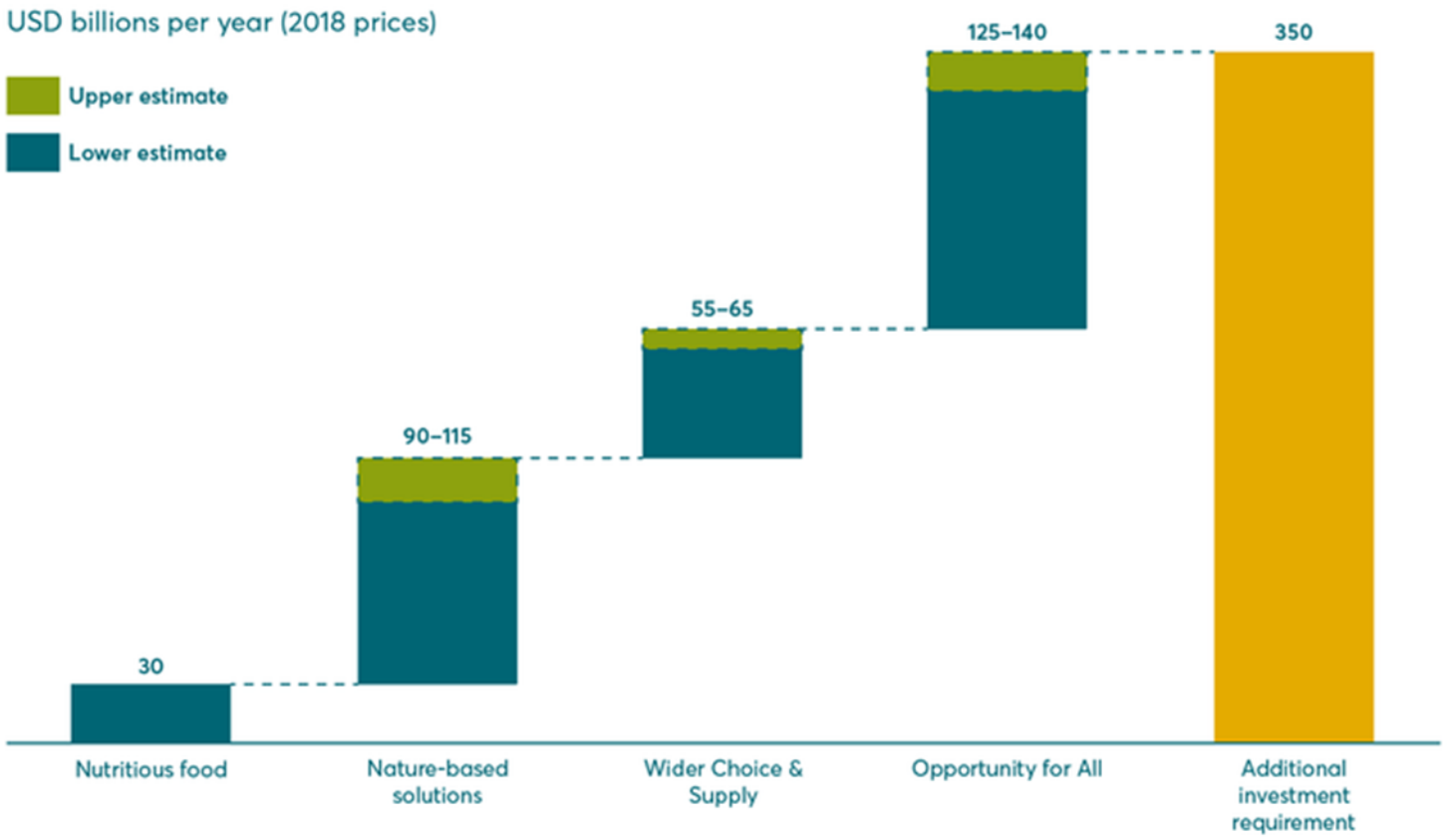
3 THIRD REVENUE STREAM

- **Renewables and sustainability**
  - Renewable energy for own use and grid – solar, wind, micro-hydro
  - Nutrient recycling – composting, organic matter recovery, efficient chemicals
  - Irrigation – water productivity, lower withdrawals

Food Systems Transformation: How Much Would Need To Be Invested?

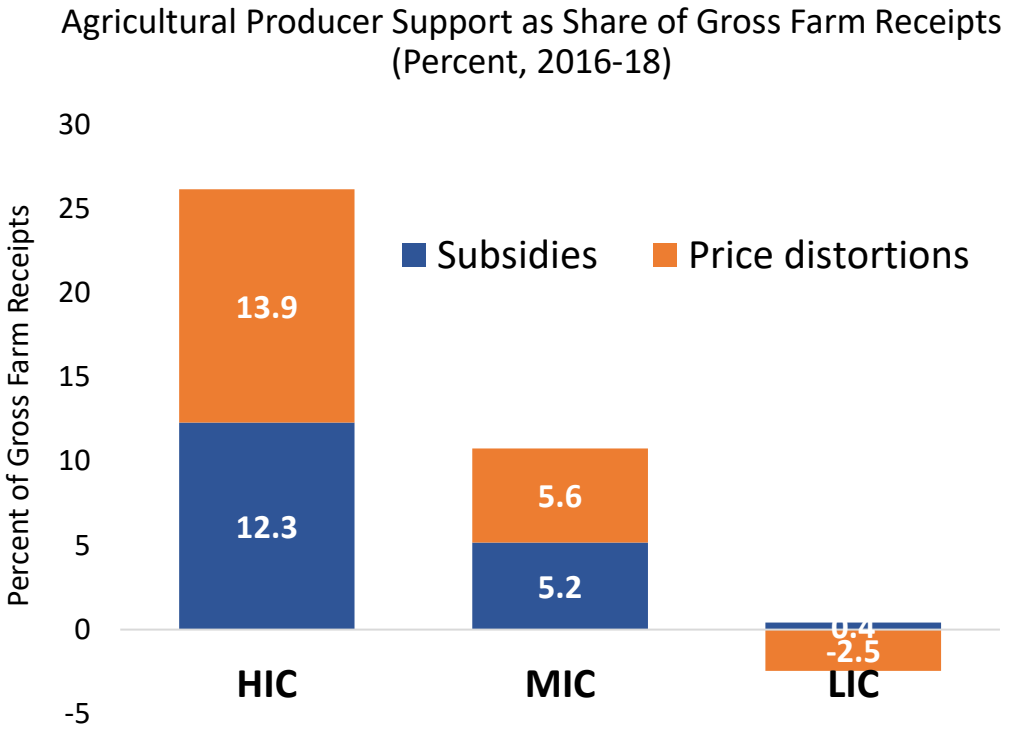
The additional annual investment requirements associated with the ten critical transitions are between **$300 and $350 billion** (2018 – 2030).

This is less than **0.5% of GDP**, a **return ration of more than 15:1** based on the economic prize.



There Is A Major Opportunity to Realign INCENTIVES

- $568 billion per year supports agricultural producers in 79 countries
- 65% of support distorts producer incentives (market price support, input and output subsidies)
- Large protection by high-income countries, continued net taxation by low-income countries
- Agriculture and food sector is lagging adoption of ESG standards

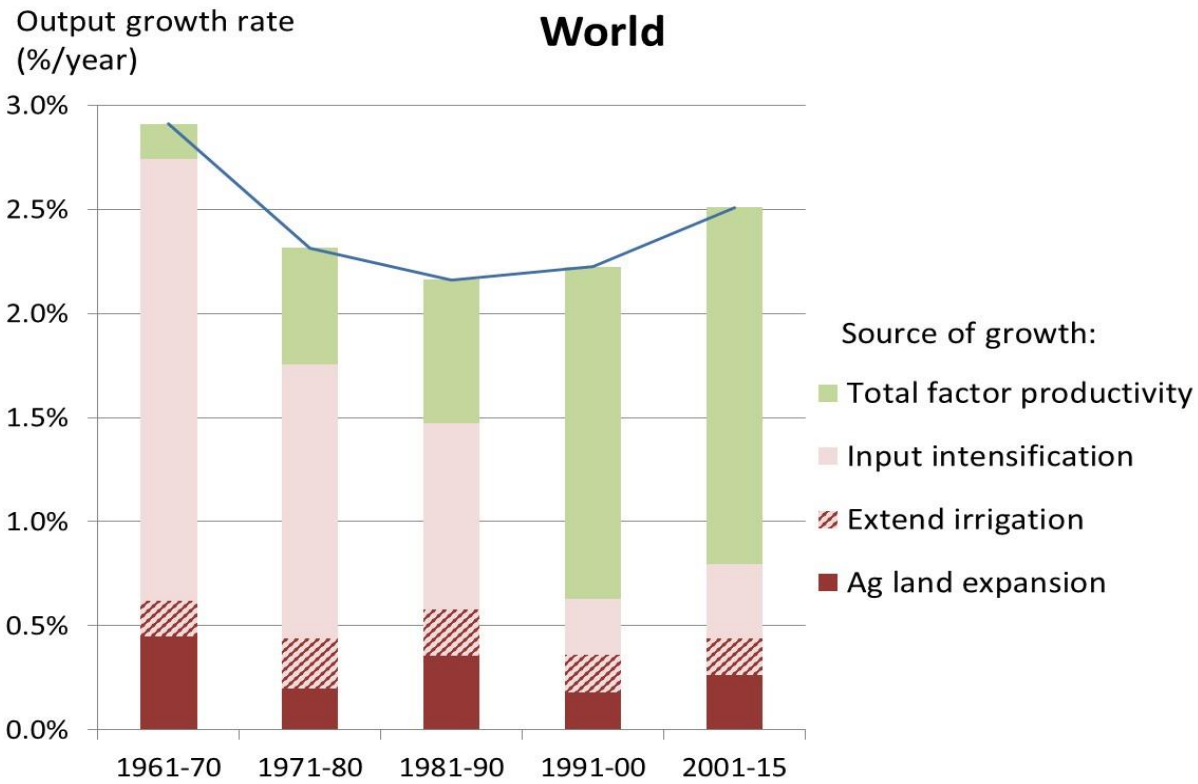


HIC = High income countries, MIC = Middle income countries, LIC = Low-income countries

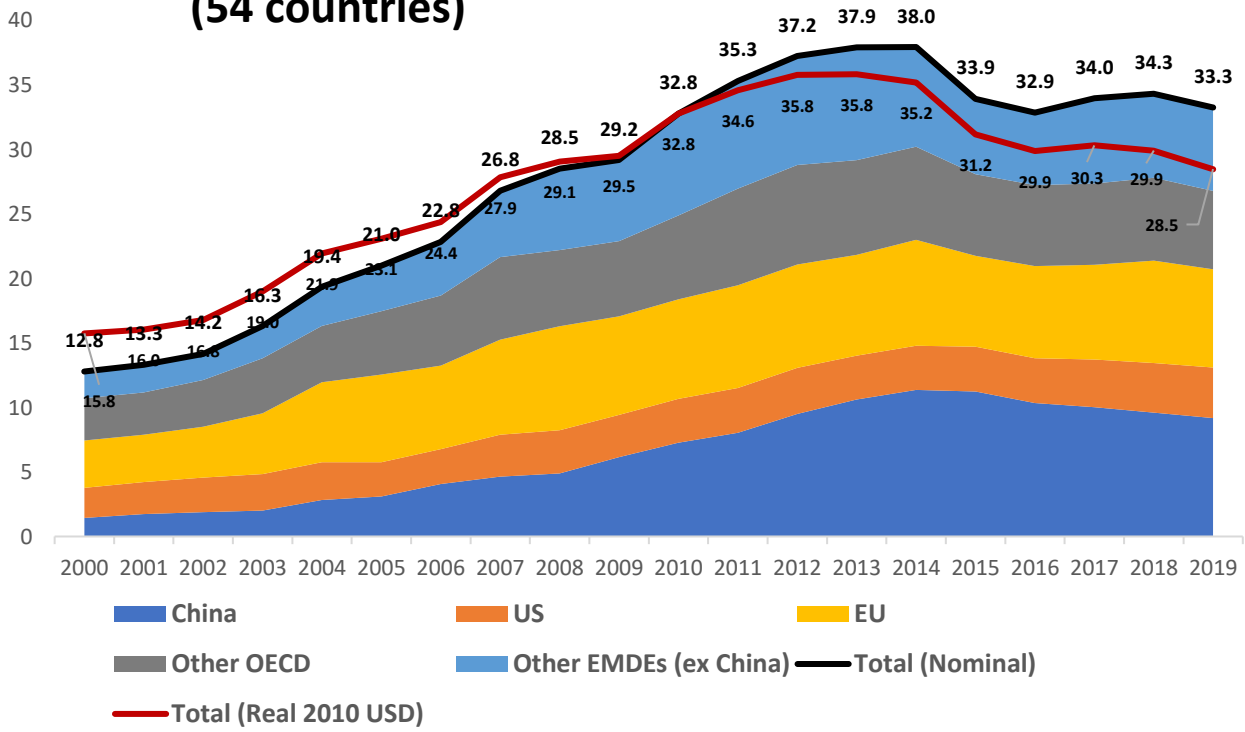
It Is Important To Accelerate Agricultural INNOVATION:

Urgent Need To Address The Innovation Paradox: Research Investment Gap

Ag. growth is increasingly productivity-dependent



Trends in Public R&D Funding (54 countries)



High rates of return to investments in R&D

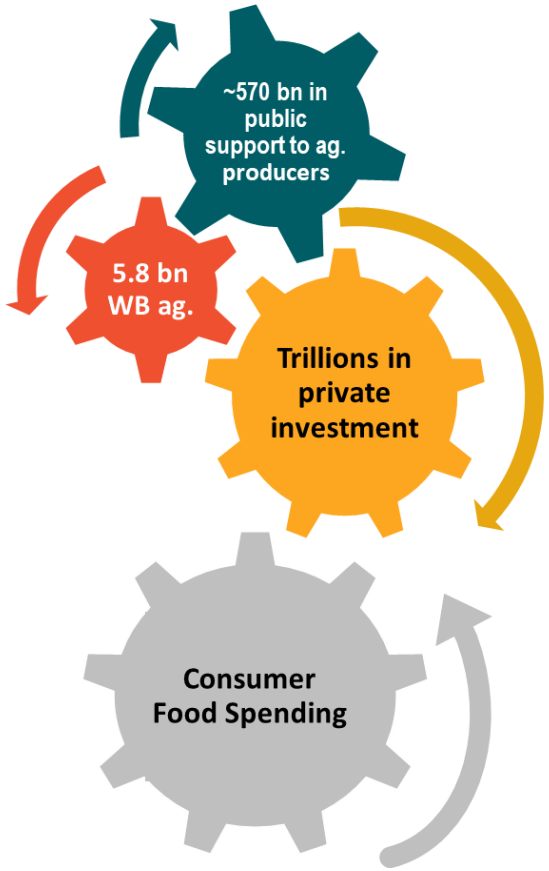
Yet, R&D/GDP low and falling in Africa and SE Asia

There Is An Urgent Need to Scale Needed INVESTMENTS

~$300-350bn

more per year to 2030 in public and private financing needed **for transformation of food and land use systems for healthier people, planet and economy.**

Source: Food and Land Use Coalition (FOLU) Global Report 2019



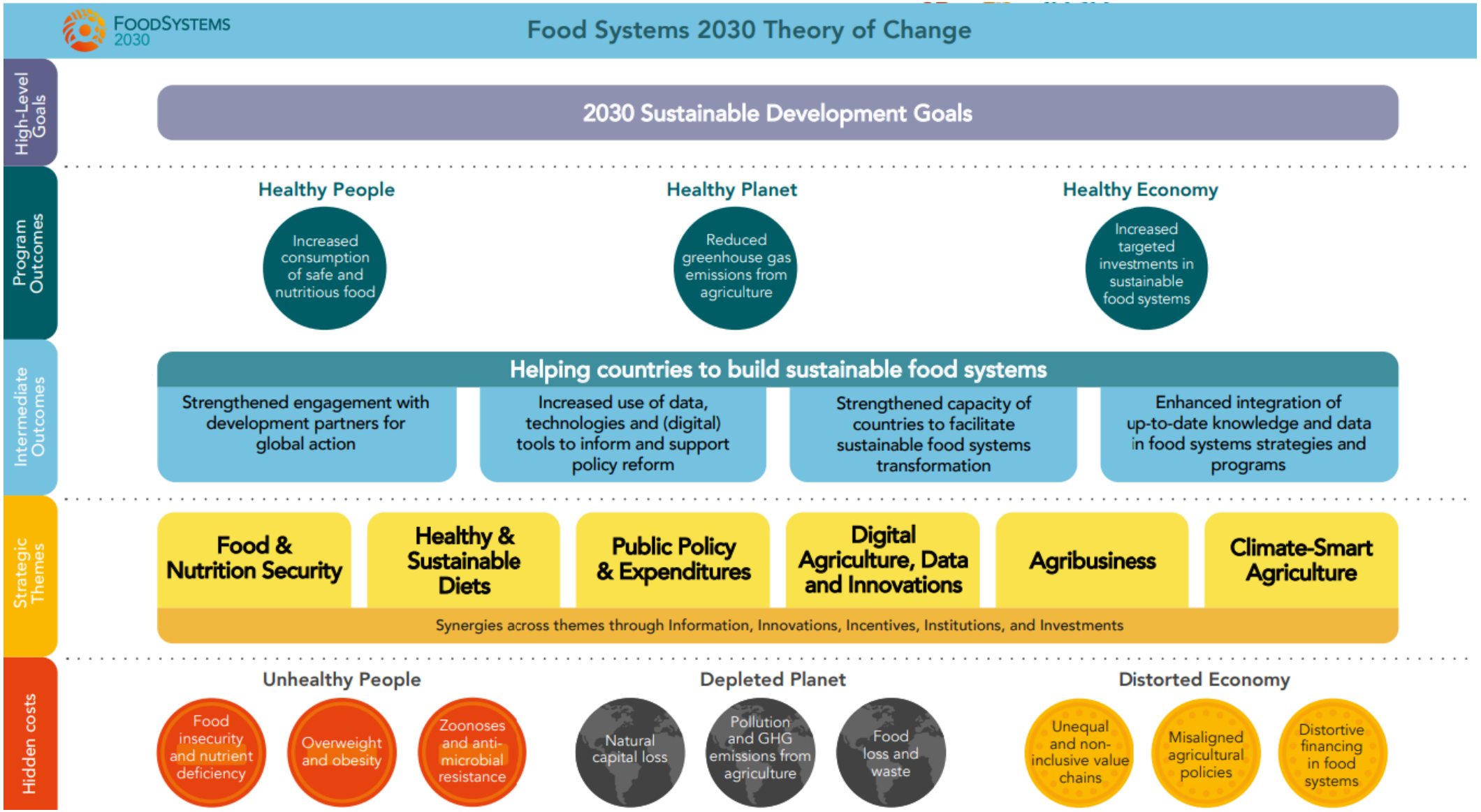
Increasingly use support to:

- ✓ **Repurpose policies and public support**
- ✓ **Crowd-in private investment**
- ✓ **Leverage the technology ecosystem**
- ✓ **Leverage external partners**
- ✓ **Apply an integrated ONEWBG approach: working hand in hand with all Internal partners: SD, EFI, HD, INF, IFC, MIGA, and DEC, TRE.**

It Is Critical To Strengthen INSTITUTIONS

- Allow For Systematic Food Systems Focus
- Ensure Effective Inter-Ministerial Coordination
- Apply a Food Systems Lens on the Public Budget
- Integrate Farmers' Voice

FOOD SYSTEMS 2030 MDTF SEEKS TO CATALYZE NEEDED CHANGES




ThankYou!