Food and Agriculture Organization of the United Nations

Financing to end hunger for today and tomorrow

Senior Officials Meeting 26-28 March 2024

Theme: Resilient agrifood systems and inclusive rural transformation

33 FAO Regional Conference for Africa

Conférence Régionale de la FAO pour l'Afrique

Challenge - FSN

- The Africa region is far from achieving SDG targets 2.1 (universal access to safe and nutritious food) and 2.2 (ending all forms of malnutrition), as well as the other SDG-2 targets

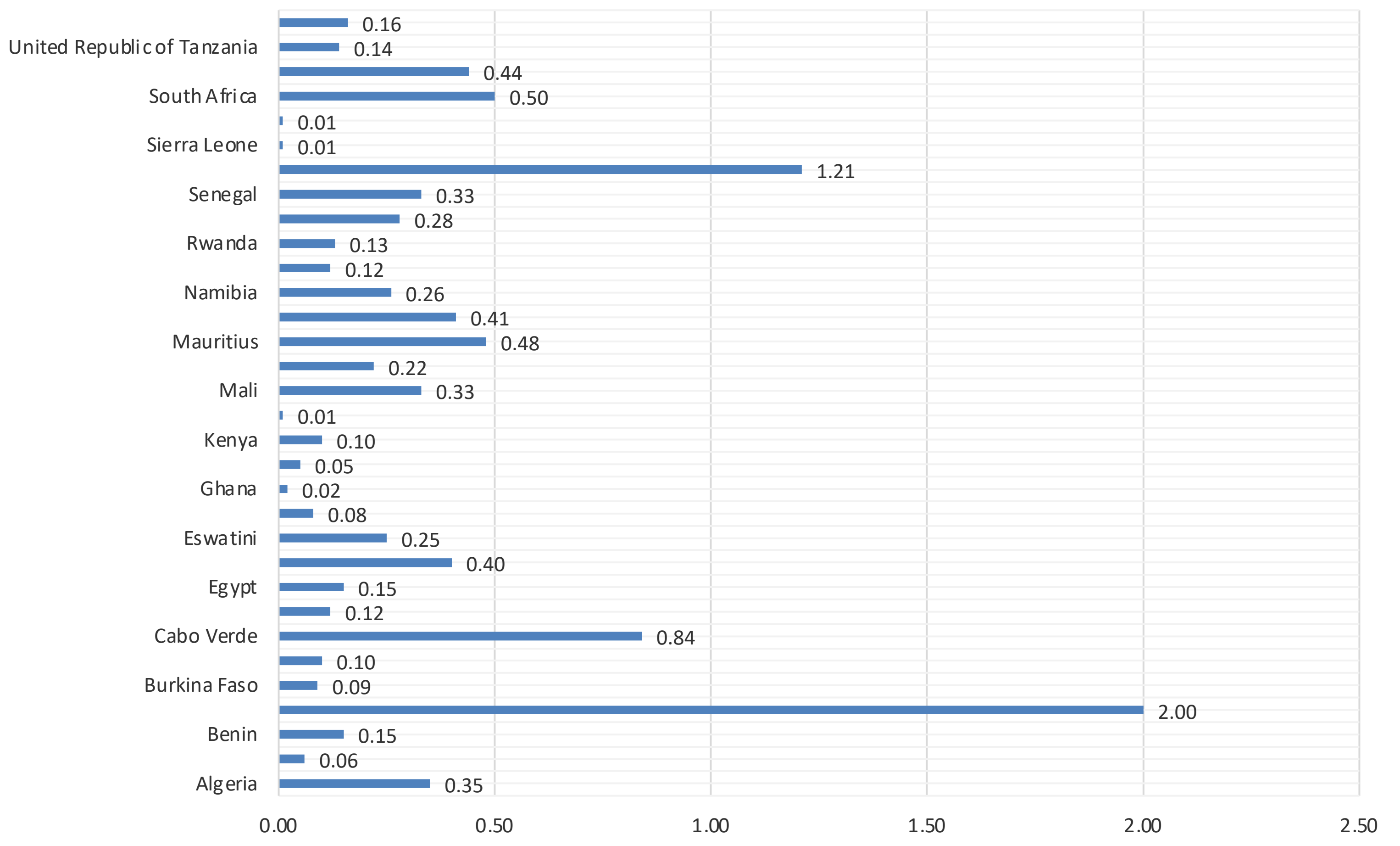
- Currently there are 280 million undernourished people, and the projected 311 million undernourished people by 2030

FIGURE 1
Prevalence of undernourishment in the world and Africa, and the number of undernourished in Africa

Challenge - Financing

- Current financial flows to the ag sector in Africa at about **19 billion USD per year** – not sufficient
- **Funding squeeze** which has hit hard in SSA will add to the challenge
- Will exacerbate underspending in agriculture by most governments in the region (**low AOI of 0.16 for Africa** compared to **global** average of **0.45**)

Figure 2 Agriculture orientation index for government expenditure in AFF in Africa (2022)



Funding gap

Estimated funding gap for achieving ***SDG targets 2.1*** and ***2.2*** in Africa:

about ***21 billion USD***

Policy implications

Current public sources of finance from government and donors will be inadequate to fill in the financing gap required for transformation of agrifood systems in the region. This would require two major actions:

- ✓ **increasing capital/investment financing from the private sector** (e.g. commercial banks, private equity, venture funds) and other funds (such as sovereign wealth funds and insurance)
- ✓ improving the **quality of public and private investment** and **other spending** such as recurrent public spending
- ✓ **better business/financial** advisory or technical assistance needed

Actions

1. **Track and analyze current flows of finance and ensure alignment with SDG targets 2.1 and 2.2.**
   - Tracking Financial Flows to Food Systems (the 3FS) methodology

2. **Consolidate the fragmented food finance architecture.**
   - Countries tend to have several uncoordinated projects, which have high transaction costs and inefficiencies in meeting SDG-2 targets.

3. **Facilitate increased financing from the private sector**
   - De-risk investments
   - Facilitate impact investments
   - Promote blended finance

4. **Repurpose public support to the sector**
   - A reallocation of funds is needed to move away from lower priority initiatives to those that contribute more directly to the attainment of SDG targets 2.1 and 2.2 targets.

5. **Other innovative tools such as debt swaps, green and blue bonds, collaborative mechanisms**
   - The 2024 Africa Regional Overview of Food Security and Nutrition report to discuss innovative financial mechanisms.

Matters brought to attention of the Regional Conference

Members to:

- provide de-risking or risk-sharing financing instruments to increase investment financing from the private sector and other funds
- improve the quality of recurrent public spending on agriculture, forestry and fishing

FAO to support Members by:

- facilitating experience-sharing on national approaches and policies to finance agrifood systems transformation;
- providing technical assistance for improving the quality of public and private investment and recurrent public spending on agriculture, forestry and fishing sectors.

Better Production
Better Nutrition
Better Environment
Better Life

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Thank you

Merci

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Obrigado

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