



The Scientific Group for the UN Food Systems Summit

FINANCING SDG2 AND THE END OF HUNGER

A concept note for the UN Food Systems Summit 2021

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1. Food systems functioning is crucial for achieving the Sustainable Development Goals by 2030 and for climate policy. **The overall objective** of the actions considered here is to support developing countries' efforts **to end hunger** through enhanced mobilization of resources and sound investments, aligned to the SDGs and SDG2 in particular, considering Paris Agreement and Covid19 implication. The risk is of increasing inequalities because the effects of the crisis. Financing of the recovery must not add to inequality but reduce it.
2. It is central that **developing countries participate** in the building back better. Financing needs to...
 - a. **Strengthen the financing of the green transition** – while avoiding the diversion risk.
 - b. **Facilitate trade and investment and increase their qualities through trade and investment policies** in support of more and better-quality jobs in developing countries.
 - c. **Give priority to rural areas and especially food system through targeted and cost-effective interventions**, as in rural areas with agriculture is a strong weapon against poverty, undernourishment and stress-migration.
3. **The G7 re-affirmed the G7 [Elmau commitment](#) to lift 500 million people from chronic hunger and malnutrition**, including a “call on the private sector and foundations to increase their contributions.” ([G7 communiqué](#)). We conclude from research that in order to meet the G7 commitment of lifting 500 million people out of hunger and malnutrition by 2030, governments would need to **increase their investments by about US\$ 14 billion per annum** over the coming ten years (roughly equivalent to a doubling of current G7 development assistance for agriculture, food security and rural development). G7 pledged an additional [USD 8.5 billion](#) for humanitarian and related resilience-strengthening response as part of the G7 Famine Prevention and Humanitarian Crises Compact. **But this is not enough.**
4. **Finance to end Hunger effectively:**
 - a. New **evidence** from a series of large research initiatives shows how much it will cost and what categories of interventions need to be targeted to **end hunger as cost effectively as possible**: [ZEF-FAO-IISD-IFPRI-Cornell \(2020\)](#). The mix of the identified **low-cost, high-impact**

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interventions include: scaling up of existing social protection programs, expanded new social protection programs, crop protection, integrated soil fertility management, the AfCTA, fertilizer-use efficiency, and child nutrition programs, agricultural R&D, agricultural extension services, digital agricultural information systems, small-scale irrigation expansion in Africa, and female literacy. Clearly, this portfolio is hunger-reducing in sustainable ways as most of the interventions are also income-enhancing and empowering, not just short-term hunger-reducing.

b. Ending hunger under a scenario of adverse trends would obviously require larger additional investments than what is committed so far. We assess the costs of such a scenario that factors in both a continuation of the limited progress in hunger reduction as observed in the past 5 years as well as the additional threats posed by the COVID-19 pandemic which together could lead under business-as-usual to hunger of about 840 to 909 million people in 2030. To prevent this outcome, it would require significantly higher investments than to lift 500 million out of hunger, resulting in the **need of government investments of about US\$ 39 to 50 billion per annum over the ten years until 2030**, that is in addition to what governments are currently already investing. In this case, both donor and developing countries would have to bear a fair share of the financial burden.

5. **A set of complementary initiatives are proposed for financing desirable actions emerging from the UN Food Systems Summit 2021**, and we note that **IMF and World Bank Group and their members** are best positioned to facilitate that investments are implemented efficiently. Calling for these four financing initiatives:
 - a. to **double the annual international development funding (ODA) dedicated to agricultural and rural development, food and nutrition security, and environmental aspects of food systems (US\$ 14 Billion)**. This could support establishment of an **End Hunger Fund** (as proposed by Pope Francis Oct. 2020). Expanded IDA, and bilateral incremental ODA could be considered as basis.
 - b. A **pledge by companies, investment funds, and philanthropies** to align resources with investment opportunities to end hunger. **Multilateral finance organizations might facilitate it** to secure high level pledges to align this co-funding of an End Hunger Fund (IMF, World Bank, and the private sector and philanthropic leaders could launch this at Food Systems Summit Sept 2021)
 - c. To explore if some of the potential future issuing of **Special Drawing Rights (SDRs)** of 650 billion dollars may offer guarantees for country actions, such as a **“zero hunger bonds”** to help finance the economic, social and environmental interventions needed to achieve SDG2 and end hunger. Countries with approved programs would be eligible to issue those bonds. It offers capital markets a safe asset, while contributing to ending hunger, making economies more productive, and pursuing other crucial objectives related climate change, and employment.
 - d. **Use innovative instruments** like blended finance and de-risking instruments such as guarantees which can help mitigate risks and leverage private capital. This can be done by support to Central Banks to de-risk activities in sectors and areas where the highest returns in terms of reduction of poverty and undernourishment are the highest, supporting existing mechanisms.