

BREAKOUT SESSION:

Incentives for transforming food systems at scale

**FOOD &
AGRICULTURE,
REDEFINING
VALUE**

ACTION: Business is in a unique position to drive food system transformation. Finance and investments can incentivize the private sector to adopt sustainable practices and meet its climate, biodiversity and social impact goals. Such commitments will be rewarded with new opportunities and cost savings. Open dialogue and new partnerships with both public and private partners need to be established for joint learning and effective risk-sharing.

SESSION OVERVIEW

Food systems, sitting at the intersection of environmental and social challenges, offer unique opportunities for the finance community to meet its climate, biodiversity and social impact goals. Food systems have traditionally been underinvested in for sustainable development, but this is changing as more markets see both risk and opportunity associated with food system transformations. This session discussed the incentives needed to foster change in forests, agriculture and food; highlighted actions underway by financial institutions; and outlined how companies must engage capital markets.

"We are heading towards 3.2°C of warming. This means food system disruptions. For many, this means bye-bye business."

KEY TAKEAWAYS

- Driving food system transformation is costly but will be rewarded with new opportunities and savings.
- Financial arrangements need to have long-term visions, account for longer time horizons and address the diversity of demands by utilizing diverse financial instruments.
- The repurposing of agriculture fiscal policies and subsidies is a critical factor to success.
- Risks in the agriculture sector are interconnected and can trigger others. Addressing these complexities requires collective management.
- Investing in long-term relationships with public and private partners within and outside the value chain will be rewarded. It allows for effective risk-sharing and joint learning.
- Data and transparent reporting is critical to build confidence and assurance. Aligning on frameworks is required to allocate finance appropriately.

- True value of food: Quantification of externalized costs and integrating them – for instance, via an internal carbon price – can help shift business practices.
- Just transition needs to be a core goal, with finance upholding equity and fairness principles in the distribution of risk and value across diverse contexts.
- Farmers require a system which incentivizes changes in practices, de-risks their transformation path and compensates them for their services around ecosystem management.
- Educating consumers will expand the market, and transparency and traceability can help consumers recognize the value of food. these connections to policy processes.
- Just transition: are we getting the balance right between climate and social concerns and are we sufficiently considering unintended consequences?

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