
Food systems transformation for and by rural people

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I. Introduction

1. The United Nations Food Systems Summit of 2021 culminated in a commitment to work towards the transformation of the world's food systems in order to make them more resilient, sustainable, equitable and healthy for people and the planet. The global community recognized that such a transformation would be an essential catalyst for achieving the Sustainable Development Goals (SDGs) by 2030. IFAD has a unique role to play in implementing the food systems transformation agenda by placing the agency and well-being of smallholder farmers and other rural people at the centre of this effort.
2. At the country level, a June 2023 stocktaking of IFAD's portfolio confirmed that 100 per cent of IFAD financing is directed towards developing inclusive and resilient food systems. This includes investments in improved food production, food access and nutrition, livelihoods, resilience and environmental sustainability. Progress has also included the provision of IFAD support to 55 countries in organizing national dialogues and to more than 60 Governments in developing National Pathways for food systems transformation. In addition, 83 per cent of the country strategic opportunities programmes (COSOPs) approved since the Food Systems Summit was held specifically refer to food systems.
3. At the global level, following the Food Systems Summit, IFAD entered into a partnership with the World Bank Group to co-lead the financing agenda for food systems transformation. The Fund has also continued to provide leadership of the Public Development Bank Platform for Green and Inclusive Food Systems, which brings together 132 public development banks (PDBs) that are committed to increasing investments towards inclusive and sustainable agriculture and food systems.
4. In July 2023, the United Nations Secretary-General convened the United Nations Food Systems Summit +2 Stocktaking Moment to review progress in implementing the Food Systems Summit outcomes. The Stocktaking Moment provided an opportunity to build further momentum around a comprehensive food systems transformation agenda.
5. This paper is intended to inform a strategic discussion concerning this agenda from the perspective of IFAD's niche: rural people and small-scale producers. It also outlines how this perspective has been developed since the Food Systems Summit and how IFAD's post-Summit commitments and programme of work have integrated and elevated these considerations. Management invites Member States to offer their views on IFAD's future priorities and the future direction of its work on food systems transformation.

II. Food systems transformation for smallholders and rural people

6. Today's food systems are failing us all, but they are particularly failing smallholders and poor rural people in low- and middle-income countries.
7. Small-scale farmers produce between 30 and 34 per cent of the global food supply on just 24 per cent of the world's cropland.¹ The small-scale farmers, rural workers and agrifood entrepreneurs who produce, process and distribute much of the world's food play a critical role in the food supply chain and in reducing rural poverty and ensuring local and national food security. However, many are unable to

¹ <https://www.ifad.org/en/rural-development-report/>.

earn a decent living from farming alone because of the small size of their plots, low prices, deteriorating environmental conditions, low productivity and poor market access.² Consequently, rural areas are home to a large proportion of the world's poorest and most marginalized people, including women heads of household, youth and Indigenous Peoples, who are often landless and dependent on non-farm income.

8. Rural livelihoods are interlinked with nutrition, resilience and the environment. The COVID-19 pandemic undid much of the progress made towards eradicating hunger, with undernutrition now affecting 9.2 per cent of the world population, compared to 7.9 per cent before the pandemic.³ The rural poor are also vulnerable to food systems shocks, including climate, political, social and health shocks. The most recent report of the Intergovernmental Panel on Climate Change emphasizes the urgent need for climate-resilient development, coupled with protection for the interests of the most vulnerable populations. Current agricultural production methods are contributing to environmental degradation and climate change, putting the futures of rural farmers at further risk as their incomes are eroded by declining production and rising food prices.
9. Despite these challenges, there are emerging opportunities for leveraging the key roles that rural people have in food systems transformation and for improving the livelihoods of smallholders. Rapid urbanization is driving up food demand. This has spurred the growth of small and medium-sized enterprises (SMEs) in the midstream of the agrifood sector, creating new employment and livelihood diversification opportunities. These opportunities are especially critical for the growing number of young people who have limited access to land.
10. IFAD has a key role to play in investing in these opportunities, given its niche and expertise as an assembler of finance for rural areas. For IFAD, inclusive food systems transformation can generate equitable and diversified livelihoods only if rural people remain at the heart of the agenda. This can be achieved by investing in, and creating conducive conditions for, productive, economically viable and environmentally sustainable family farming and by supporting SMEs and entrepreneurs that are working to unlock inclusive economic opportunities across the food value chain while reducing food loss and waste. Success in attaining the SDGs, particularly SDG 1 and SDG 2, will hinge on ensuring that the most vulnerable and marginalized groups, particularly rural youth, use their spirit of innovation, energy, digital skills and voice to capitalize on opportunities and drive rural prosperity for all.

III. IFAD is a key transformation partner at the country level

11. IFAD invests directly in food systems transformation with an ongoing portfolio of nearly US\$8 billion. After the 2021 Food Systems Summit, IFAD committed to operationalizing food systems transformation through alignment with country-led food systems plans and strategies wherever they are in place. The June 2023 portfolio stocktaking confirmed that 100 per cent of IFAD financing is directed towards developing inclusive and resilient food systems. The progress made thus far is briefly described below.
12. **Aligning COSOPs with national food systems transformation priorities.** In 2022, the Fund's COSOP guidelines and templates were updated. The new templates include an analysis of the context not only in relation to rural and

² J. Woodhill et al., "Food systems and rural wellbeing: challenges and opportunities", *Food Security* 14 (2022): 1099–1121.

³ Food and Agriculture Organization of the United Nations (FAO), IFAD, United Nations Children's Fund (UNICEF), World Food Programme (WFP) and World Health Organization (WHO), *The State of Food Security and Nutrition in the World 2023: Urbanization, agrifood systems transformation and healthy diets across the rural–urban continuum* (Rome: FAO, 2023).

agricultural issues but also in relation to plans and strategies focusing on food and food systems. In all, 83 per cent of the COSOPs approved since the Food Systems Summit was held include specific references to food systems, and all the COSOPs approved in 2022⁴ address challenges faced by country-level food systems. Increased integration of a food systems approach in COSOPs has also included the specific identification of food systems as an opportunity for policy dialogue, collaboration among the Rome-based agencies (RBAs) or United Nations Country Teams (UNCTs), or through South-South and Triangular Cooperation (SSTC).

Table 1

Integration of the food systems approach in COSOPs (IFAD11 and IFAD12) before and after the Food Systems Summit

Areas of integration	COSOPs (%)	
	Before summit (n=32)	After summit (n=12)
COSOPs incorporating the food systems approach	42%	83%
1. COSOPs with linkages to existing national food systems policies and strategies	13%	83%
2. COSOPs integrating the food systems approach as part of their goals or strategic objective	16%	50%
3. COSOPs identifying the food systems approach as an opportunity for:	28%	67%
Policy dialogue	13%	58%
RBA or UNCT collaboration	3%	50%
Other partnerships and SSTC	16%	42%

13. **Development of national pathways.** IFAD directly supported 55 countries in organizing dialogues and 60 governments in developing National Pathways for food systems transformation in the lead-up to the Food Systems Summit. It thereafter integrated support for these pathways into the design and implementation of programmes and projects focused on rural and agricultural transformation as key elements of food systems transformation. Some examples include:

- (a) **Programme on Agricultural and Rural Transformation for Nutrition, Entrepreneurship and Resilience (PARTNER)**: This programme, which is co-financed by the World Bank, aims to promote private sector participation in the agrifood supply chain in Bangladesh. It will utilize the Programme-for-Results (PforR) instrument to support public investments and policy actions that encourage diversification, food safety, entrepreneurship and resilience in agrifood value chains.
- (b) **Participatory Agriculture and Climate Transformation Programme (PACT)**: The PACT project in Ethiopia connects up with the Government's platform to promote collaboration for six transformation pathways. Innovative strategies that integrate climate adaptation and mitigation will be implemented, and smallholders will be compensated for their use of regenerative agriculture.
- (c) **Building Resilient Commercial Smallholder Agriculture**: In Bhutan, IFAD and the World Food Programme have developed a Global Agriculture and Food Security Programme (GAFSP) proposal aimed at operationalizing the Food Systems Summit recommendations on national pathway dialogues. With a strong focus on social inclusion, the project will address the intersectional priorities of women's empowerment, youth engagement, improved nutrition and climate resilience.

⁴ Bangladesh, Burundi, Cambodia, Eswatini, Indonesia, Malawi, Pakistan, Uzbekistan and United Republic of Tanzania.

IV. IFAD is a leader at the global level

14. Following the Food Systems Summit, IFAD has actively engaged in global partnerships and processes to advance food systems transformation that incorporate the perspectives of smallholders and rural people. Key areas of post-Summit work that go beyond country-specific implementation efforts are summarized below.
15. **Financing food systems transformation.** Following the Food Systems Summit, IFAD and the World Bank have become the designated co-leads for the development of the financing agenda for food systems transformation. As the leading international financial institutions (IFIs) providing funding for food systems, they are bringing together their expertise, resources and outreach capabilities to steer the financing agenda. This designation is also a recognition of IFAD's leadership as an assembler of finance for transformative investments in rural people, rural areas and agriculture around the world.
16. The Food Systems Summit called for a new food finance architecture to support the world's transition to high-performing food systems with between US\$300 billion and US\$400 billion of new investment per year globally up to 2030.⁵ Low-income countries are the most challenged in meeting these costs. As co-leads, the Fund's and the World Bank's objective is to steer a dynamic to influence resource flows to food systems by tapping into domestic resource mobilization efforts complemented by:
 - (a) Substantial international development financing in the form of official development assistance (ODA), including an ambitious increase in the capital base of IFIs such as IFAD;
 - (b) Transformative private investment through blended finance;
 - (c) The earmarking of resources for food systems as part of a new global financing pact.
17. High-quality financial data are a basic requirement for impactful investment and an important tool for drawing political attention to financial gaps. Given this, IFAD and the World Bank fast-tracked the development of a prototype for measuring Financial Flows to Food Systems (3FS). The 3FS tool provides country leadership with a harmonized methodology for keeping track of trends in domestic resource mobilization for food systems. In addition, IFAD and the World Bank have collaborated with the Organisation for Economic Co-operation and Development (OECD) to measure international development financing (ODA and other official flows) for food systems.
18. With regard to private sector financing, IFAD and the World Bank will be pursuing three tracks: (i) fostering peer-to-peer exchanges concerning successful examples of public incentives and frameworks for promoting private investment in low-income countries and business models that work for small producers and operators; (ii) expanding the 3FS to develop a methodology for tracking private investments in food systems; and (iii) responding to the call of private sector organizations for a food industry accountability framework to support the shift towards healthier, equitable and sustainable food systems.
19. Finally, within the framework of ongoing discussions around a new international financial architecture, IFAD and the World Bank are mobilizing partner IFIs to advocate for financing for food systems transformation and for channelling excess special drawing rights from wealthy countries through IFIs to the countries that are

⁵ World Bank, *Food Finance Architecture: Financing A Healthy, Equitable & Sustainable Food System*, September 2021: <https://documents1.worldbank.org/curated/en/868581632341928753/pdf/Food-Finance-Architecture-Financing-a-Healthy-Equitable-and-Sustainable-Food-System-Executive-Summary.pdf>.

most in need as a means of generating additional liquidity for investment in food systems.

20. **The PDB coalition: mobilizing financing at scale for agriculture.** Building on the outcomes of the 2020 Finance in Common Summit, IFAD and partners (notably the Smallholder and Agri-SME Finance and Investment Network [SAFIN]) led the design of the PDB Platform for Green and Inclusive Food Systems, which was launched during the 2021 Financing in Common Summit. To date, the PDB coalition includes 132 PDBs and 5 regional associations of development finance institutions that have collectively committed to increasing investments towards inclusive and sustainable agriculture and food systems. The platform offers technical assistance, knowledge management, innovation support and risk measurement tools. The coalition has hosted knowledge sharing sessions and high-level events to raise visibility and consult stakeholders. Studies have also been undertaken on the role of PDBs in sustainable agriculture which have provided information on the needs of PDBs and the services that they would like the platform to offer. Priorities moving forward are to grow the number of PDBs in the coalition, to strengthen the network, including through additional events, and to develop and extend the platform.
21. **Decent Work for Equitable Food Systems Coalition.** Together with the International Labour Organization (ILO) and CARE International, IFAD is co-leading the Decent Work for Equitable Food Systems Coalition (formerly the Coalition of Action on Decent Work and Living Incomes and Wages for All Food Systems Workers). The coalition seeks to support equitable livelihoods for food systems workers by promoting labour and human rights and increasing opportunities for decent and productive employment within the agrifood sector. The coalition has five major objectives: institutionalizing labour and human rights; promoting decent employment; empowering workers through social dialogue; ensuring the right to social protection and income security; and achieving 100 per cent living incomes in food systems. The coalition has recently launched a website⁶ and will continue to advance in its priority areas of policy advice, technical support and the promotion of inclusive national dialogues. Work in these areas will be conducted in accordance with the new ILO policy guidelines for the promotion of decent work in the agrifood sector, which are supported by the coalition.
22. **Linking small-scale producers to school meals.** The School Meals Coalition was launched at the 2021 Food Systems Summit to support the efforts of governments and their partners to improve or restore sustainable national school meal programmes. School meal programmes can transform food systems by promoting better diets and sustainable value chains and by prioritizing smallholder farmers. They can also be used to encourage smallholders to employ climate-resilient agriculture practices. IFAD continues to be active in this area of work. For example, IFAD, WFP and FAO supported Guatemala and Honduras in setting up school meal programmes and provided assistance in the implementation of climate-resilient agriculture practices in provisioning farms and the School Nutrition Law in Guatemala. IFAD is also part of the Scaling up Nutrition coalition.
23. **Exploring new frontiers through foresight.** The Foresight for Food Systems Transformation (FoSTr) Programme supports food systems foresight analysis and a global community of practice around foresight in food systems. It aims to inform policy innovation and development investments for national governments and stakeholders and plans to operate for three years starting in mid-2022. The first year of work focused on supporting country-level food systems analysis and foresight, while, in the following years, this approach will be used to focus on priority local and national issues for food systems change, initially in five countries.⁷ A global Foresight4Food conference was held in March 2023 at which best practices

⁶ <https://decentworkinfoodsystems.org/>.

⁷ Bangladesh, Jordan, Kenya, Niger and Uganda.

on using foresight for advancing national processes of food systems transformation were discussed. The programme is funded by the Kingdom of the Netherlands through IFAD and is being implemented by members of the Foresight4Food network who are working with national institutions to deliver in-country work.

V. Key pathways forward from the United Nations Food Systems Summit +2 Stocktaking Moment

24. Food systems transformation presents an extraordinary opportunity to achieve the SDGs. The Stocktaking Moment was organized in July 2023 in the context of an alarming worldwide increase in poverty and hunger. The vulnerabilities of food systems identified at the 2021 Food Systems Summit had only deepened in the following years and had been further aggravated by the war in Ukraine. The Stocktaking Moment was intended to provide an opportunity to galvanize action aimed at speeding up progress towards the creation of more sustainable, inclusive, equitable and nutritious food systems.
25. The Stocktaking Moment culminated in a call to action⁸ by the United Nations Secretary-General in which he reiterated the importance of action and implementation around six areas:
 - “1. Incorporating food systems strategies into all national policies for sustainable development, for people’s livelihoods, nutrition and health, for economic growth, climate action and nature, and to address post-harvest losses, leaving no one behind.
 2. Establishing food systems governance that engages all sectors and stakeholders for a whole of society approach, combining the short and long term.
 3. Investing in research, data, innovation and technology capacities including stronger connections to science, experience and expertise.
 4. Deepening joined-up participatory design and implementation inclusive of women, young people and Indigenous Peoples at the local level, with knowledge sharing, cross-sector programming, multi-stakeholder partnering, context and place-based actions, stronger and more diverse production, and mutual accountability.
 5. Promoting increased engagement of businesses, including through public private partnerships, to shape the sustainability of food systems and establish and strengthen accountability mechanisms, recognizing their centrality for food systems.
 6. Ensuring access to short and long-term concessional finance, investments, budget support and debt restructuring.”
26. When prioritizing inclusive and sustainable rural transformation with rural people, small-scale farmers and rural enterprises (notably SMEs) at the centre, these six priority areas prompt the following considerations:
 - (a) Food systems transformation needs to be embedded in and aligned with rural and agricultural strategies, and food policies and strategies need to help build flourishing and inclusive rural economies. In this context, nutrition and climate resilience both need to feature more prominently in rural and agricultural policies and strategies in order to ensure that rural people will have access to affordable, healthy diets and suitable tools for climate adaptation;

⁸ [Secretary-General's Call to Action \(unfoodsystmshub.org\)](https://unfoodsystmshub.org).

- (b) There is a need for inclusive rural-urban and rural governance systems to accompany the transition towards more sustainable, inclusive and resilient rural-urban and rural food systems;
 - (c) Research, data, and innovation and technology systems need to be shaped by the needs and priorities of rural people, rural communities and smallholders. These systems also need to reflect rural stakeholders' perspectives and contributions if they are to drive truly inclusive food systems transformation processes;
 - (d) Agrifood companies and other businesses and organizations in the private sector have important roles to play in contributing to transformative investments in the rural space that focus on the needs and priorities of small-scale farmers and rural communities;
 - (e) Rural women, farmers, rural youth and Indigenous Peoples need to be seen as key partners in driving and delivering on the interlinked agendas of food systems and rural transformation, starting from the community level;
 - (f) There is an urgent need to increase finance for rural transformation, and food systems investments are a key part of that agenda. This calls for a better balancing of short-term and longer-term perspectives regarding the use of ODA, more transparent and data-informed systems to track and manage domestic and international investments in rural and urban food systems, an increasing volume and share of climate finance being channelled to smallholders (who currently receive only 1.7 per cent of global climate finance) and more effective and innovative uses of development finance to catalyse responsible private rural investments.
27. Across all these areas, policy engagement is a key cross-cutting pathway to facilitate progress. Looking forward to the drafting of IFAD's new Strategic Framework, it is proposed that further analytical work and consultations with Members and other stakeholders be conducted to inform the future direction of action and priorities around these points.

VI. Conclusion

28. The United Nations Food Systems Summit of 2021 encouraged stakeholders to adopt a more comprehensive approach to addressing food issues. The United Nations Food Systems Summit +2 Stocktaking Moment provided an opportunity to maintain this momentum. In 2023, other global events, such as the Sustainable Development Goals Summit and COP28, will be leveraged to further this effort. The lead-up to COP28 is an especially important opportunity for ensuring that food systems are included on the climate agenda, but food systems transformation and its enablers – coordination, finance, governance, innovation – also need to be promoted across all the other relevant forums in the coming months. For IFAD, this means, in particular, promoting the agenda of rural food systems transformation, scaling up food systems financing and empowering poor rural people and smallholders. The Consultation on the Thirteenth Replenishment of IFAD's Resources provides a framework for tackling this specific challenge in the coming years and for Members to scale up the level of finance devoted to food systems transformation in rural areas.

VII. Questions for discussion

29. Given the fact that, without food systems transformation, the achievement of the SDGs and the fulfilment of the Paris Agreement are out of reach, how best can IFAD influence the food systems transformation agenda globally to ensure that there is a sufficient focus on small-scale farmers, rural people and rural businesses?

30. In the light of the global context and IFAD's niche, what guidance do the Member States wish to provide for IFAD's future priorities for food systems transformation in terms of both its lending and non-lending activities?