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FAO REGIONAL CONFERENCE FOR THE NEAR EAST

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Outcome report of the World Investment Forum

Executive Summary

The 35th and 36th Sessions of the FAO Regional Conference for the Near East called upon Members to mobilize public and private investments in local infrastructure and public services to catalyse private investment as well as ensure inclusive and sustainable integrated rural development¹. The Near East and North Africa (NENA) Members also requested FAO to hold a regional investment conference.

FAO partnered with the United Nations Conference on Trade and Development (UNCTAD) and organized sessions at the World Investment Forum 2023 from 16 to 20 October 2023 in Abu Dhabi under the theme of “Investing in Transforming Agrifood Systems”. This document provides an overview of discussions held by FAO at the World Investment Forum 2023.

The 2030 Agenda for Sustainable Development highlights the critical role of agrifood systems in tackling global challenges such as malnutrition, poverty, the loss of biodiversity and ecosystem services, and climate change. Unfortunately, the world is significantly off track in achieving Zero Hunger by the end of this decade. Thus, there is an urgent need for a paradigm shift and transformation to more efficient, inclusive, resilient and sustainable agrifood systems for better production, better nutrition, a better environment and a better life, leaving no one behind.

There is, however, a lack of adequate investments, public or private, in agrifood systems. Therefore, we need to mobilize and scale up additional private and public investments. It necessitates, on the one hand, repurposing current agricultural subsidies towards increasing productivity, sustainability, climate change resilience and nutritious diets. On the other hand, we need to mobilize additional, Sustainable Development Goal (SDG)-aligned, inclusive financial resources, including innovative financial mechanisms, blended finance, and other instruments that lower the risks of agricultural investments. Multistakeholder approaches and partnerships, including the private and public sectors, civil society, academia and research institutions enhance mobilizing additional finances for the transition.

Agrifood systems also have to adopt new technologies and innovations on a large scale in order to mitigate and adapt to climate change and address biodiversity loss and land degradation. The related high costs, however, render access to these new technologies challenging, especially for smallholder farmers and vulnerable groups, like women, youth and migrants. These also necessitate additional financial resources.

Strategic foresight exercises can help long-term public planning and shaping policy processes in transforming agrifood systems. Findings from the foresight work of FAO and partners will envisage potentially significant technological developments and anticipate their impact, threats and opportunities.

Investing in sustainable agrifood value chains and agribusiness can significantly contribute to agrifood systems transformation by creating income and employment, improving access to affordable and healthy diets, building the resilience of communities to climate change, and optimizing the use of natural resources.

As almost 70 percent of the global population is projected to live in cities by 2050, there is also an urgent need to speed up urban agrifood systems transformation. Besides closing the financial gap, there should be closer cooperation between the local and national governments in developing and implementing national food safety.

Investments in upgrading rural market facilities, such as improving cold storage facilities, deploying climate-smart processing, storage, and packaging, and utilizing handling technologies, reduce food losses and negative environmental impact and add more value to agricultural production.

Agrifood systems transformation must be inclusive; we need a particular focus on marginalized groups, such as smallholders, women, youth and refugees. While smallholders cultivate most farms in many countries, their farm investments are often undermined by a lack of access to inputs, resources and markets for profitable production. Young people face multiple challenges to participate

in food systems fully. Limited decision-making power and control over resources often leave women unable to make strategic decisions and investment choices for themselves and their families. Refugees and people affected by conflict are especially dependent on agriculture but face significant challenges to integration into local food systems within their host communities.

Queries on the content of this document may be addressed to:

RNE NERC Secretariat
FAO-RNE-NERC@FAO.ORG

Introduction

1. The flagship event of the United Nations Conference on Trade and Development (UNCTAD) is the World Investment Forum (WIF), which is the pre-eminent global platform for investment and development. The World Investment Forum 2023 was held from 16 to 20 October 2023 in Abu Dhabi under the main theme "Investing in sustainable development".

2. The year 2023 was the first year when FAO participated as a strategic partner of UNCTAD in organizing the event, which provided an extraordinary opportunity to draw attention to and raise awareness of the crucial impact of increasing sustainable investment in agrifood systems. FAO has organized nine sessions in the forum under the theme "Investing in Transforming Agrifood Systems" ("FAO Track"):

- High-level Opening session: Investing in Transforming Agrifood Systems
- Addressing agrifood challenges by technologies and innovations by foresight-based long-term planning
- Technology and innovation to increase resilience and support climate change adaptation and mitigation
- Innovative finance to unlock investment in sustainable agrifood systems
- Forging the Path: Unveiling the Private Sector's Agrifood Investment Journey
- Inclusive agrifood systems transformation
- Transforming the Urban Food Systems
- Investing in Mitigating Food Loss and Waste
- Investing in sustainable value chain and agribusiness development

3. Increased investments in agrifood systems are critical to realizing the ambitions of the 2030 Agenda for Sustainable Development and the Paris Agreement. As a means of implementation of SDG2 (Zero Hunger), Target 2.a calls for increased investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular low-income countries. Furthermore, according to the FAO publication "The future of food and agriculture 2022 Drivers and triggers for transformation²," investment is one of the key drivers in agrifood systems transformation, which, if activated, can spread its positive impacts throughout agrifood, socioeconomic and environmental systems.

4. Recent estimates by the Food and Land Use Coalition suggest that transforming food **systems** to ensure access to healthy diets, which also mitigate and adapt to climate change and address

¹ Report from the Thirty-sixth Session of the FAO Regional Conference for the Near East (2022), <https://www.fao.org/3/ni214en/ni214en.pdf>

² Available at: <https://www.fao.org/3/cc0959en/cc0959en.pdf>

biodiversity loss, will **require an extra USD 300 – USD 350 billion per year** for the next decade globally³. Investment in agrifood systems also presents opportunities for mitigating and adapting to climate change, addressing biodiversity loss and enabling access to healthy diets for all. Agri-enterprises also require additional financing to grow their businesses and to invest in technology or transport to reach remote farmers. That is why there is an urgent need to attract SDG-aligned, inclusive and efficient public and private sector investment in agrifood systems to reduce food insecurity and all forms of malnutrition as well as to foster decent rural employment, green jobs, particularly for women and youths, and income generation.

5.

Agrifood systems transformation is key to ending hunger, achieving food security and improved nutrition, and promoting incomes and sustainable agriculture. However, agriculture is far behind other sectors in attracting the investments necessary to achieve the Sustainable Development Goals⁴. In low-income countries, many farmers, processors and other actors need help accessing financial resources to invest in agrifood systems. On the other hand, according to some estimates, transforming agrifood systems could generate at least USD 4.5 trillion a year in new business opportunities globally by 2030⁵.

Key Discussion at the FAO sessions

6. Despite the crucial importance of agrifood systems in accelerating progress towards the SDGs, there is an insufficient level of public or private projects and investments in agriculture to promote agrifood systems transformation and sustainable agrifood value chains. The discussions highlighted the importance of local food production for regional food security and redirecting finance toward food production. However, it also pointed out the financial challenges facing indebted developing countries. The solution lies in employing innovative financial approaches and nurturing mutually advantageous partnerships between those possessing financial resources and those lacking them.

7. Firstly, the need for Public-Private Partnerships (PPPs) for investing in agrifood systems was stressed greatly, as public investment alone is insufficient. Creating a conducive environment for the private sector is essential to encourage investments in agrifood systems transformation.

8. Secondly, the need to mobilize additional, SDG-aligned, inclusive financial resources, including innovative financial mechanisms, blended finance and other instruments that lower the risks of agricultural investments. Blended finance combines public and private sector funding to reduce the risk for private investors, thereby making agrifood investments more attractive. This approach can be pivotal in attracting investors and catalysing change.

9. Panellists also discussed strategies to make agricultural investments more secure, including diversifying investments and using alternative collaterals. Using carbon certificates as an alternative collateral for loans was discussed. In addition, venture capital was considered a viable option for investing in sustainability loans, especially when these loans carry elevated levels of risk, as venture capitalists are often willing to support high-risk projects in the sustainability and environmental sectors, aiming to drive innovation and achieve sustainability objectives.

10. Moreover, investing in sustainable value chains and agribusiness can significantly contribute to creating income and employment, improving access to affordable and healthy diets, building the

³ Available at:

<https://cgspace.cgiar.org/bitstream/handle/10568/115123/Scaling%20up%20critical%20finance%20for%20sustainable%20food%20systems%20through%20blended%20finance.pdf?sequence=3&isAllowed=y>

⁴ UNCTAD: Investment Trend Monitor, 2023 January, Issue 44, https://unctad.org/system/files/official-document/diaeiainf2023d1_en.pdf

⁵ Better Finance, Better Food: Case Study Catalogue, 2020, <https://www.systemiq.earth/wp-content/uploads/2020/11/Better-Finance-Better-Food-Case-study-catalogue-2.pdf>

resilience of communities to climate change, and optimizing the use of natural resources. The focus should be on both start-ups and end-ups to promote successful agricultural entrepreneurship⁶.

11. Apart from direct investments, repurposing of the existing agricultural subsidies, which are projected to amount to USD 2 trillion by 2030, can enhance agrifood systems transformation and address the three dimensions of sustainability (social, economic and environmental). It is advisable to transition from providing subsidies based on output to offering subsidies based on inputs to lower the cost of production and technology adoption.

12. Furthermore, the transformation of urban food systems can play a pivotal role in fostering more sustainable value chains. This is particularly crucial due to the pressing challenges posed by urbanization, population expansion and economic growth. With over half of the global population now residing in urban areas and 70 percent of food consumption occurring in cities, it becomes imperative to address the sustainability of urban food systems. To address these challenges effectively, there is a clear need to empower local administrations and foster collaborative efforts between national and local governments to align policies and initiatives aimed at promoting sustainable urban food systems.

13. In 70 percent of Food Systems national pathways documents, food loss and waste (FLW) emerged as a significant concern. Approximately 14 percent of the food produced is lost within the supply chain, with an additional 17 percent wasted at the retail level, amounting to an economic loss of USD 400 billion. The discussion identified a range of causes, both direct and systemic, including production and harvesting practices, storage, marketing, consumer behaviour, infrastructure and policy-related issues. The Near East and North Africa (NENA) region experiences a high FLW rate, which underlines the need for region-specific interventions. The panel stressed strategic investments in reserve systems, optimizing land use and private sector involvement to reduce FLW. Storage and post-harvest improvements, particularly in the grain sector, were highlighted. The introduction of social impact bonds, supported by private funds, was also suggested as a compelling approach to address food loss and waste effectively⁷. Furthermore, the discussion emphasized that a substantial portion of food loss, exceeding 65 percent, occurs during the harvesting and production stages. Hence, technology emerges as a pivotal tool in mitigating FLW. This underscores an opportunity for private sector investment in technology solutions. Simple and readily accessible technologies, particularly in less developed regions, can have a profound impact on curbing food losses, particularly in post-harvest processing and storage stages.

14. In an ever-evolving climate, marked by increasing risks and volatility, the need for strengthening resilience to shocks and changes, spearheaded by technology and innovation, has grown significantly. The central theme of the discussion concerning technology and innovation was that the development of such new tools needs to be tailored to the specific needs of the targeted populations, thereby compounding the emphasis that needs to be placed on inclusivity in transformation.

15. The pressing need for technology and innovation in transforming agrifood systems becomes evident when examining the challenges and potential solutions presented during the panel discussions. Rising hunger rates and the significant contribution of agriculture to greenhouse gas emissions continue to be key areas of concern for policymakers across all sectors and require holistic approaches to the development and application of new technologies and innovations. Investment in robust technologies and innovative strategies stands as a critical factor in enabling this shift and transition.

16. In response to these challenges, the panel discussions highlighted potential solutions. Renewable technologies, such as solar and wind power, offer a pathway to reduce reliance on finite natural resources. Moreover, innovative technologies, like precision irrigation, possess the capacity to double agricultural yields while substantially decreasing the demand for irrigation water. Additionally,

⁶ A substantial investment of USD 1.3 billion has been made in micro, small and medium enterprises, resulting in the generation of 31 000 new job opportunities in Morocco, as part of a comprehensive national strategy initiated in 2017. This strategy has effectively fostered a harmonious collaboration between industry, government and individual farmers.

⁷ An illustrative case in the United Arab Emirates involved behavioural change initiatives in collaboration with catering companies, resulting in a notable reduction in FLW. Buffet venues saw a significant decrease in food waste, with a reduction of approximately 44 percent .

discussions underscored advancements in plant architecture and leaf adaptations, which could enhance crop resilience in the face of climate change.

17. Another critical challenge lies in data collection, sharing and privacy. Weather forecasts and data play pivotal roles in enhancing agrifood system resilience. However, concerns persist regarding data ownership and privacy, particularly between technology suppliers and individual farmers. A vital solution lies in the development of robust regulatory frameworks and the amendment of intellectual property laws to address data ownership, data value and data privacy issues within agriculture. These regulatory efforts aim to ensure equitable access to information and promote fair distribution of the value created by the data, all while avoiding stifling innovation. Utilizing standardized contract templates and harmonization processes can help mitigate data misuse and enhance regional cooperation.

18. Addressing the unique needs of small-scale farmers is paramount, with technology tailored to the small-scale farming context, categorized from basic to advanced, and adapted to local conditions to effectively combat climate change. A collaborative approach involving governments, civil society and the private sector is essential to address climate change effectively. Government support for private innovations, funding for start-ups and agri-businesses, and private sector involvement are critical for promoting sustainable practices and driving the transformation of agrifood systems.

19. Agrifood systems are facing unprecedented challenges that demand creative policy decisions, specific investments, and responsible governance. To effectively address the complexity, uncertainty, volatility and ambiguity of these challenges and trends collaboratively, foresight practices are increasingly being employed in long-term public planning and policy formation. Given FAO's track record of utilizing new and emerging technologies to create more sustainable futures, it has become abundantly clear that foresight exercises are necessary to know which areas require the most attention.

20. One of the pivotal benefits of using foresight revolves around the exploration of diverse future scenarios for agrifood systems. Through foresight exercises, stakeholders can delve into a spectrum of possibilities, ranging from the adoption of sustainable technologies to the potential risks associated with Artificial Intelligence (AI)-controlled agrifood systems. This underscores the need for a proactive approach to anticipate and mitigate risks, as well as to seize emerging opportunities in the ever-evolving agrifood landscape. Foresight enables the development of a strategic vision that respects local contexts and production methods while simultaneously promoting efficiency.

21. Throughout all sessions, the issue of inclusivity remained a central concern and one session addressed the issue of inclusive agrifood systems transformation. To ensure that marginalized groups, including smallholders, women, youth and refugees, can fully benefit from agrifood systems, there is a critical need to invest in inclusive transformation. Smallholders often lack access to resources and markets, while youth face limited opportunities, and women have restricted decision-making power, hindering their ability to make strategic choices for themselves and their families at the household level. Refugees and those affected by conflict depend on agriculture but face challenges in integrating into local food systems. Therefore, investing in building inclusive food systems is essential to empower these marginalized populations and provide them with access to the opportunities and benefits that food systems offer, while also strengthening the overall sustainability of these systems. Creating an enabling environment and catalysing investments are key to achieving this inclusivity, which will, in turn, generate more and improved job opportunities and increase smallholders' market access.

22. Discussions recognized the private sector's pivotal role in agrifood systems transformation. The private sector, in collaboration with governments and various other stakeholders, can empower local producers who have long been left behind by the global transformation of agrifood systems. The private sector can also ensure the correct leveraging of technology, including geospatial technology and precision agriculture, to empower smallholders and enhance their productivity. In the wake of the recent rise of climate-aware financing, incorporating green growth strategies and green financing within agriculture is imperative, given the looming environmental challenges. The NENA region has begun witnessing a rise in green financing facilities that have been well integrated into national development strategies.

Conclusion

23. The FAO food during WIF 2023 presented an extraordinary opportunity to draw attention to and raise awareness on the crucial impact of increasing sustainable investment in agrifood systems. FAO, as the UN lead agency in food and agriculture, played a vital role in bringing more significant emphasis on the need and opportunities for investment in the agrifood sector at the Forum.

24. As highlighted above, agrifood systems hold paramount significance, not solely in the eradication of global hunger and delivering healthy diets but also in expediting progress toward achieving the SDGs, eradicating poverty, mitigating and adapting to climate change and reversing biodiversity degradation.

25. Increased investments in agrifood systems are critical in establishing sustainable, inclusive and resilient agrifood systems that can meet the complex challenges of the region effectively. There is, however, a lack of adequate public and private investments in agrifood systems. This necessitates scaling up additional private and public investments. On the one hand, repurposing existing agricultural subsidies. On the other hand, we need to mobilize additional, SDG-aligned, inclusive financial resources, including innovative financial mechanisms, blended finance and other instruments that lower the risks of agricultural investments. Multistakeholder approaches and partnerships can be catalytic in fulfilling these objectives.