Agenda

1. State of finance for net-zero food systems
2. Challenges in mobilizing finance for net-zero food systems
3. Financing vehicles to catalyze investment in net-zero food systems
4. Action points for achieving net-zero food systems
Investment needs and gaps for net-zero food systems
Despite high emissions, food system decarbonization receives disproportionately low climate finance

Contribution to global **GHG emissions**

- 1/3 Food systems

4% of tracked climate finance globally markets targets the AFOLU

Only 3% of climate finance attributable to banking and capital markets targets the AFOLU

Climate investment in food systems must increase by at least **15x**

$300 – 350bn* annually

*Other estimates: $381bn (UNEP, 2022), 1,287bn (Thornton et al., 2023), Ceres, IFPRI

**Source:** CPI (2023), WEF and Deloitte (2023)
Challenges to mobilizing finance for food systems transformation
Multiple barriers hinder the flow of climate finance for food systems transformation

1. **Lack of quality data.** Many investors struggle to identify appropriate solutions or assess portfolio risk due to a lack of regional and crop-specific knowledge, sustainability metrics, etc.
   - Inability to execute data-driven decisions

2. **Coordination problems.** Complex and fragmented value chain limits investment in global food system transformation
   - Cost premium, limited government support, and lack of stakeholder coordination

3. **Lack of credible derisking tools.** Investor confidence limited by lack of credible policy signals and regulatory frameworks to mitigate high perceived risks
Financing vehicles to accelerate investments in net-zero emissions food systems
Designing and scaling innovative financial instruments could improve prospects for financing net-zero food systems

1. **Blended finance.** Rapidly scaling up blended finance mechanisms could unlock investment in climate-resilient food systems.
   o Meteoric rise over the years but marked decline since the pandemic.

2. **Insurance.** Mitigating risk is one of the biggest barriers to net-zero food systems.
   o Reduced premiums, innovative insurance products, improved risk management services.

3. **Supply chain finance.** Many stakeholders in the food value chain lack the liquid working capital and de-risking solutions needed to implement sustainable, capital-intensive tools, projects and processes.
   o Transaction funds, technology platforms, capacity building
Action points to accelerate investments in net-zero emissions food systems
Action points for unlocking investment in net zero food systems

1. **Sector Strategy.** Build stakeholder partnerships to co-develop a sector-wide strategy to actively define and set the direction for sustainable food system investments.

2. **Scaling financial instruments.** Create a blueprint for scaling promising tools that focus on high-impact solutions, focusing on value chains in regions with high agrifood-related emissions.

3. **Improve data quality.** Ensure investment in sector-wide data and sustainability KPIs of firms to inform investment decisions.

4. **Enhance credible policy incentives.** Policymakers need to implement more stringent and credible policy mix to kickstart investments in food systems.
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