



# Financing net-zero emissions food systems

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24.08.2023

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# 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

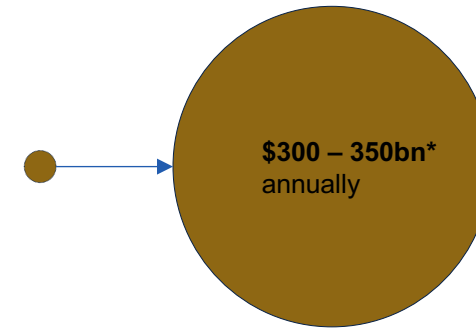
Contribution to global **GHG emissions**



**4%** of tracked climate finance globally markets targets the AFOLU



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



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



\*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.
  - 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.
  - 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.
  - 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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