



2024

THE STATE OF
**FOOD SECURITY
AND NUTRITION
IN THE WORLD**

**FINANCING TO END HUNGER,
FOOD INSECURITY AND MALNUTRITION
IN ALL ITS FORMS**

New York | 15 July 2024



There is a lack of common definition for food security and nutrition financing.

It is a symptom and a cause of our challenges to deliver on SDG 2.1 and SDG 2.2. It contributes to the lack of clarity and accountability, while illustrating the complexity of the issues at stake and the fragmentation of the financial landscape.

We propose a new definition to integrate all forms of financing while capturing the holistic aspect of FSN.

The report proposes a core and extended definition, applied to public and private as well as domestic and foreign resources. It integrates actions which directly impact food consumption, health status and spending, thus addressing the major and structural drivers of hunger and all forms of malnutrition.

Existing data infrastructure does not allow a systematic assessment of current funding, but points to important features of regular financial flows and could guide actions.

Implementing the new definition in a systematic way faces significant data challenges depending on the considered source of financing. Less than one quarter of ODA and OFF, i.e. 76bn a year, is aimed at addressing food insecurity and malnutrition. International private flows may reach 95 billion a year. The analysis of domestic public expenditures shows a heterogeneous pattern across income levels but also different degrees of prioritization and stability.

Countries with a higher level of hunger and malnutrition are also the ones with more limited access to finance.

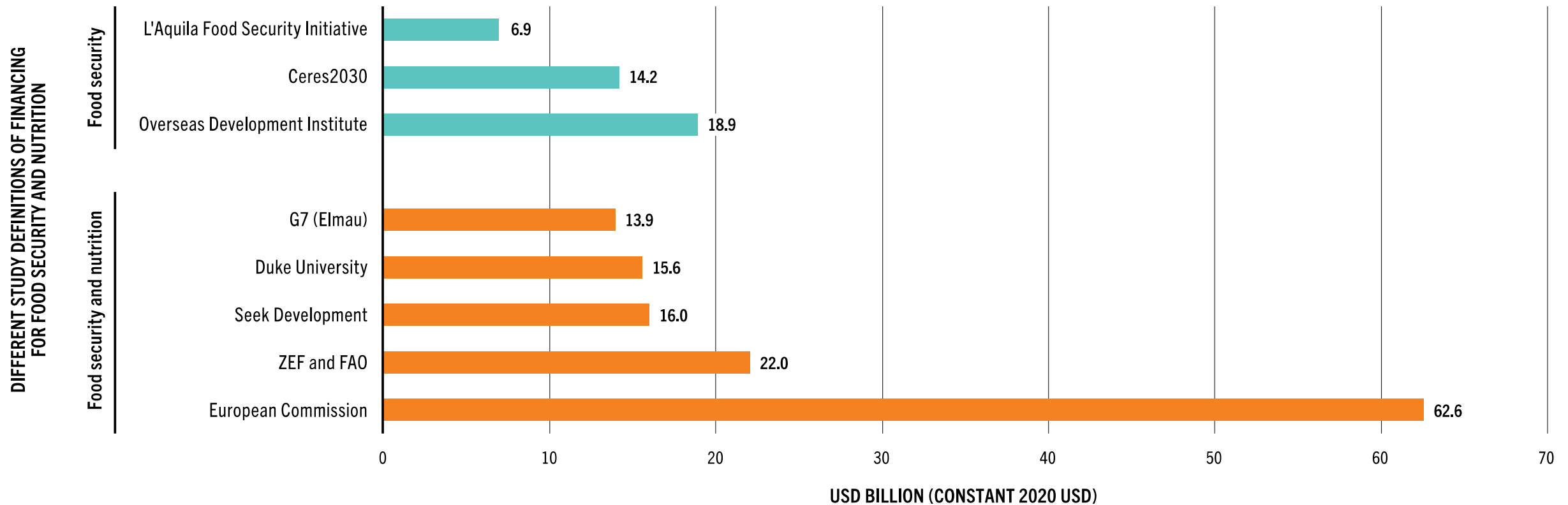
Different countries face disparate opportunities and challenges to access various financial instruments. Most vulnerable countries should benefit from additional grants and adapted concessional loans. Innovative solutions could help bridging existing gaps, especially if a holistic approach is applied.

The current architecture of food security and nutrition financing is highly fragmented and biased.

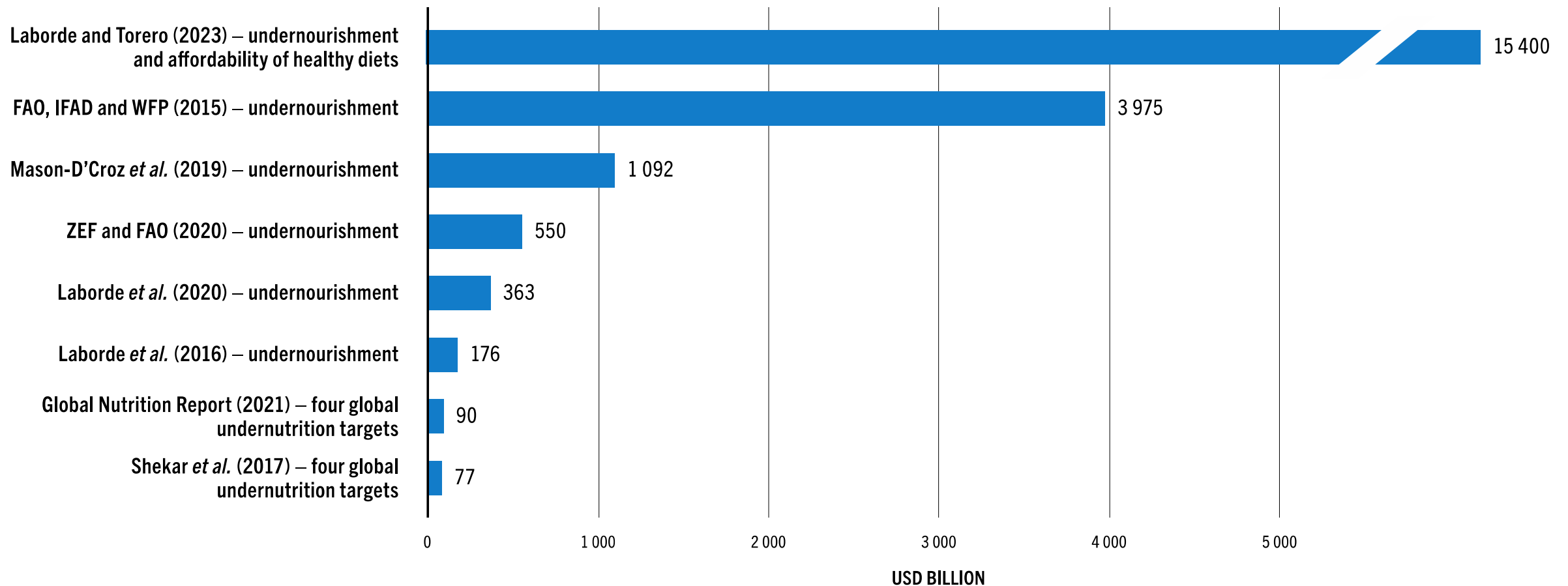
Enhanced coordination is needed, and data harmonization and transparency will contribute to this goal and favor improved targeting. Donors and international actors need to increase their risk tolerance and be more involved in de-risking activities.

The lack of consistent definition of financial means of implementation Illustration with ODA grants

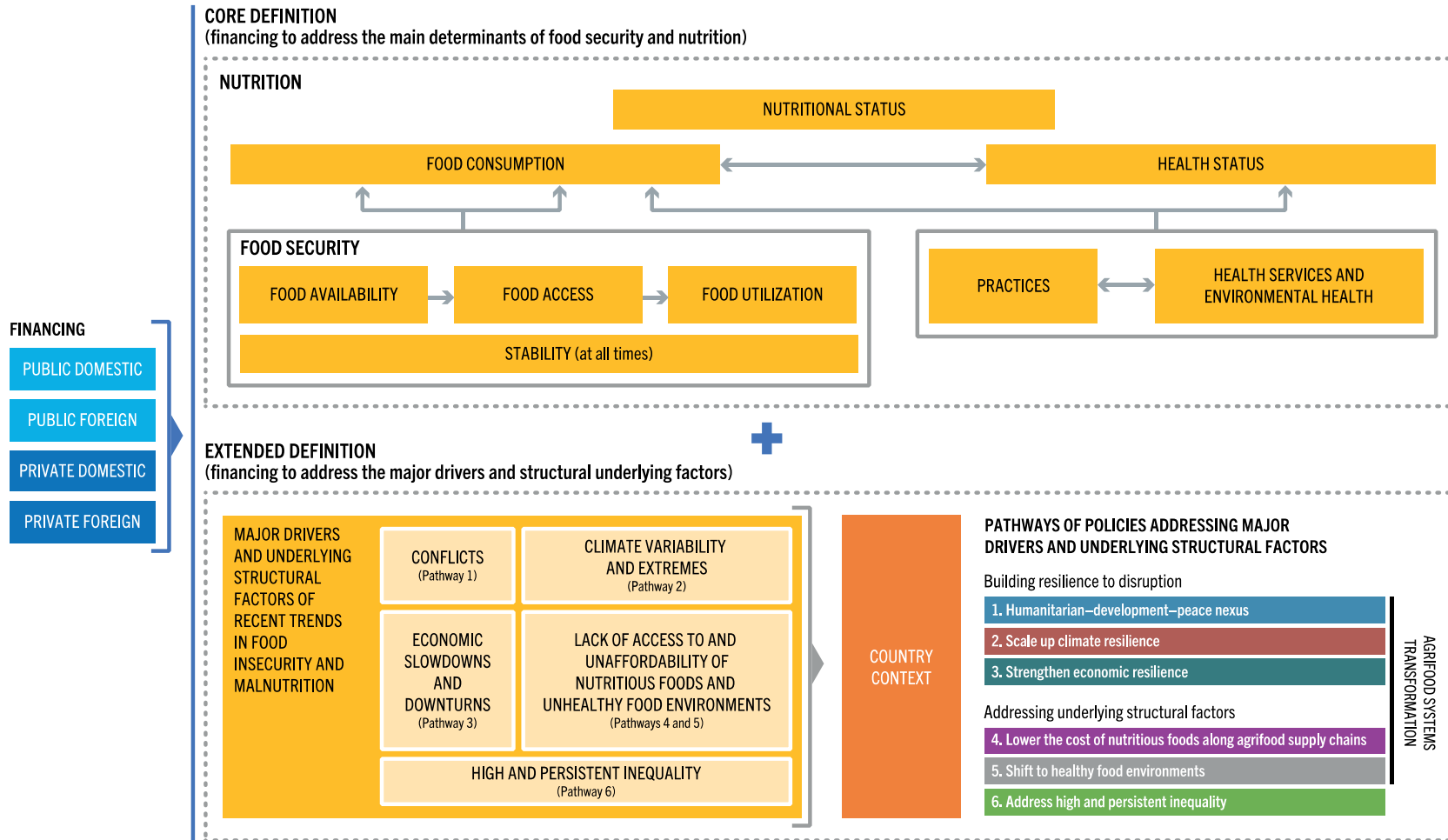
OFFICIAL DEVELOPMENT ASSISTANCE (ODA) GRANTS FOR LOW- AND MIDDLE-INCOME COUNTRIES ASSOCIATED WITH DIFFERENT DEFINITIONS OF FINANCING FOR FOOD SECURITY AND NUTRITION, 2021



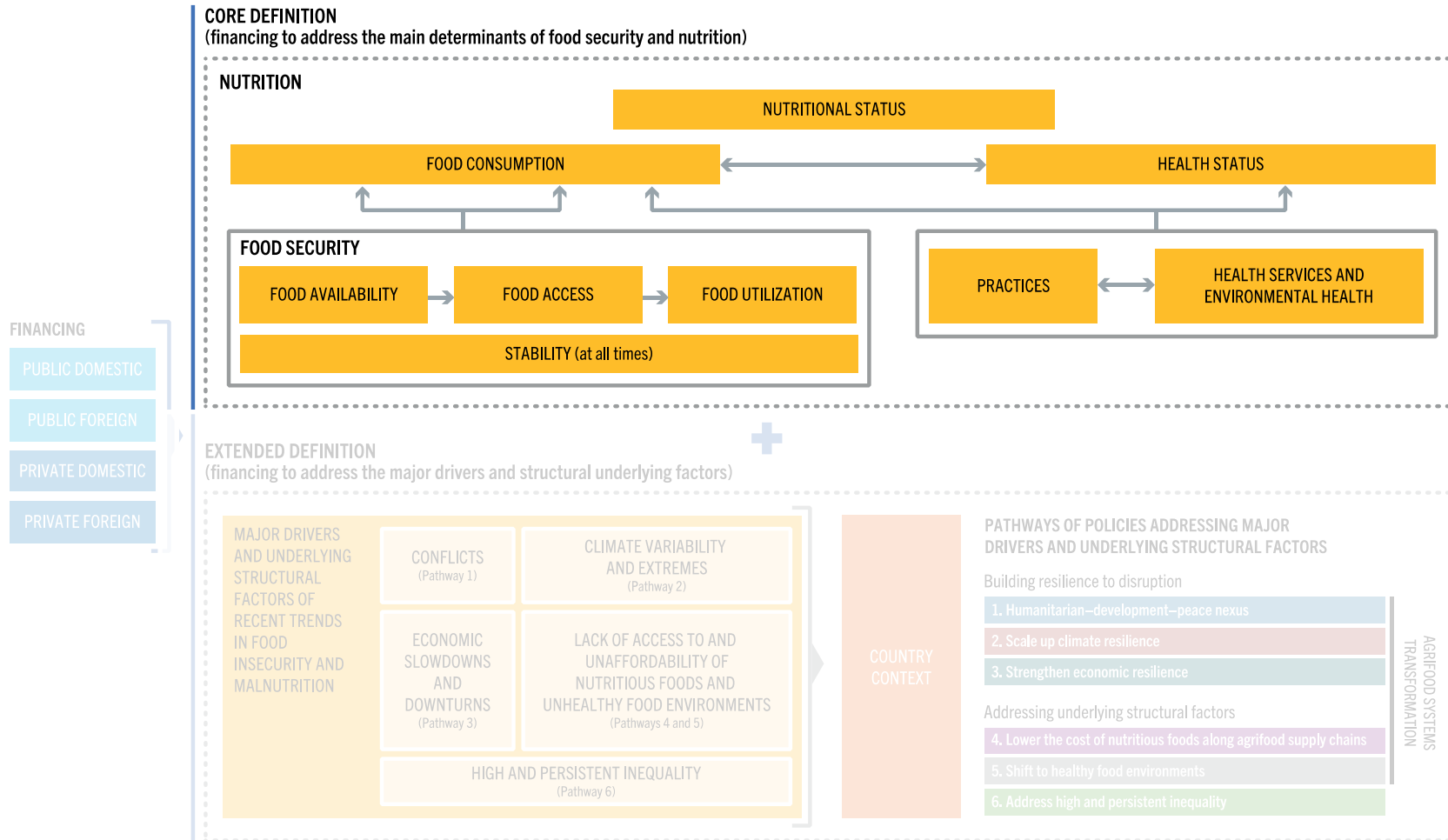
Assessing financial needs is complex but also depends on the definition and the scope of the interventions considered



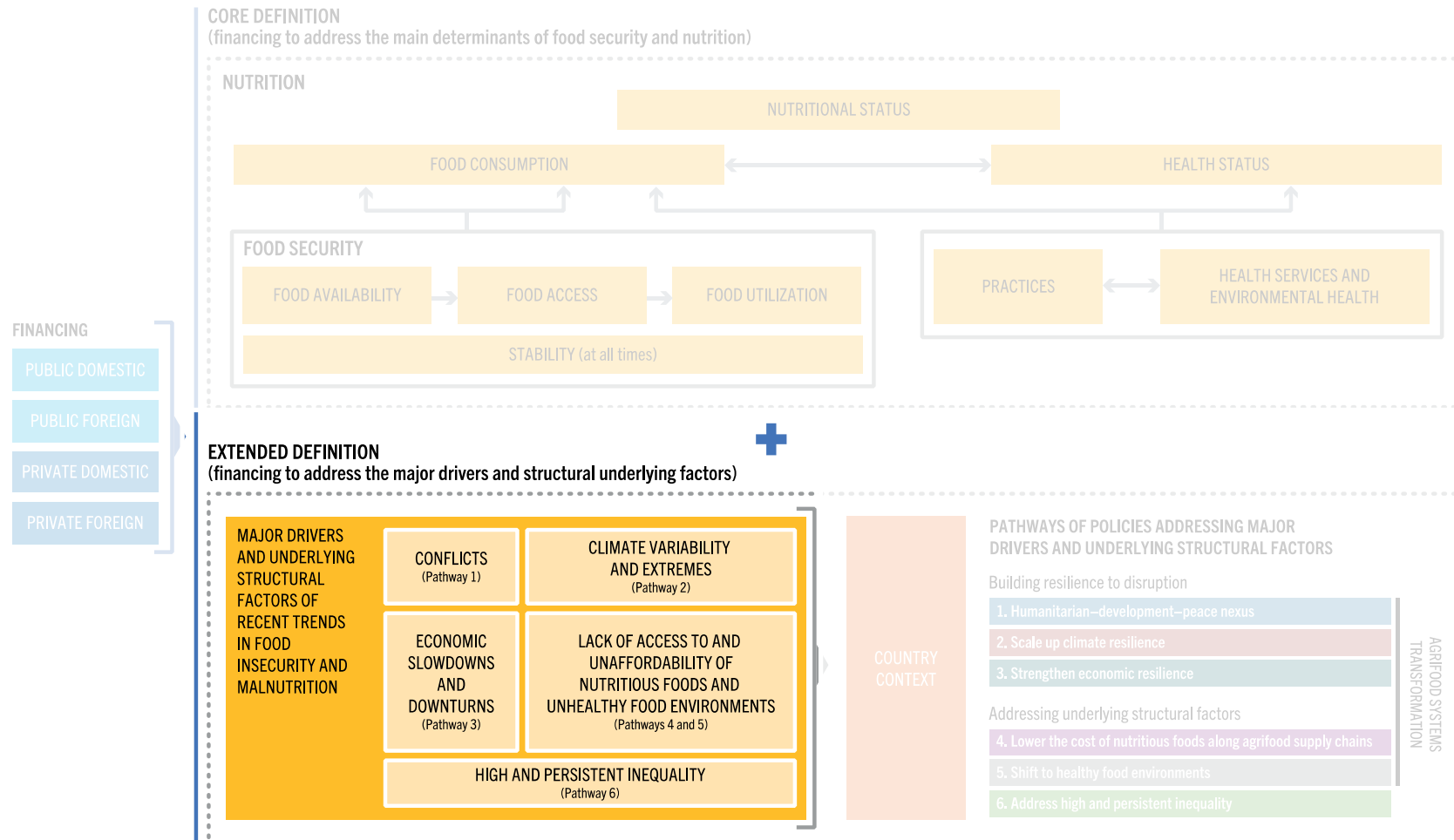
**Towards a new definition of *Financing for Food Security and Nutrition*
 – for ending hunger and food insecurity (SDG Target 2.1) and all forms of malnutrition (SDG Target 2.2)**



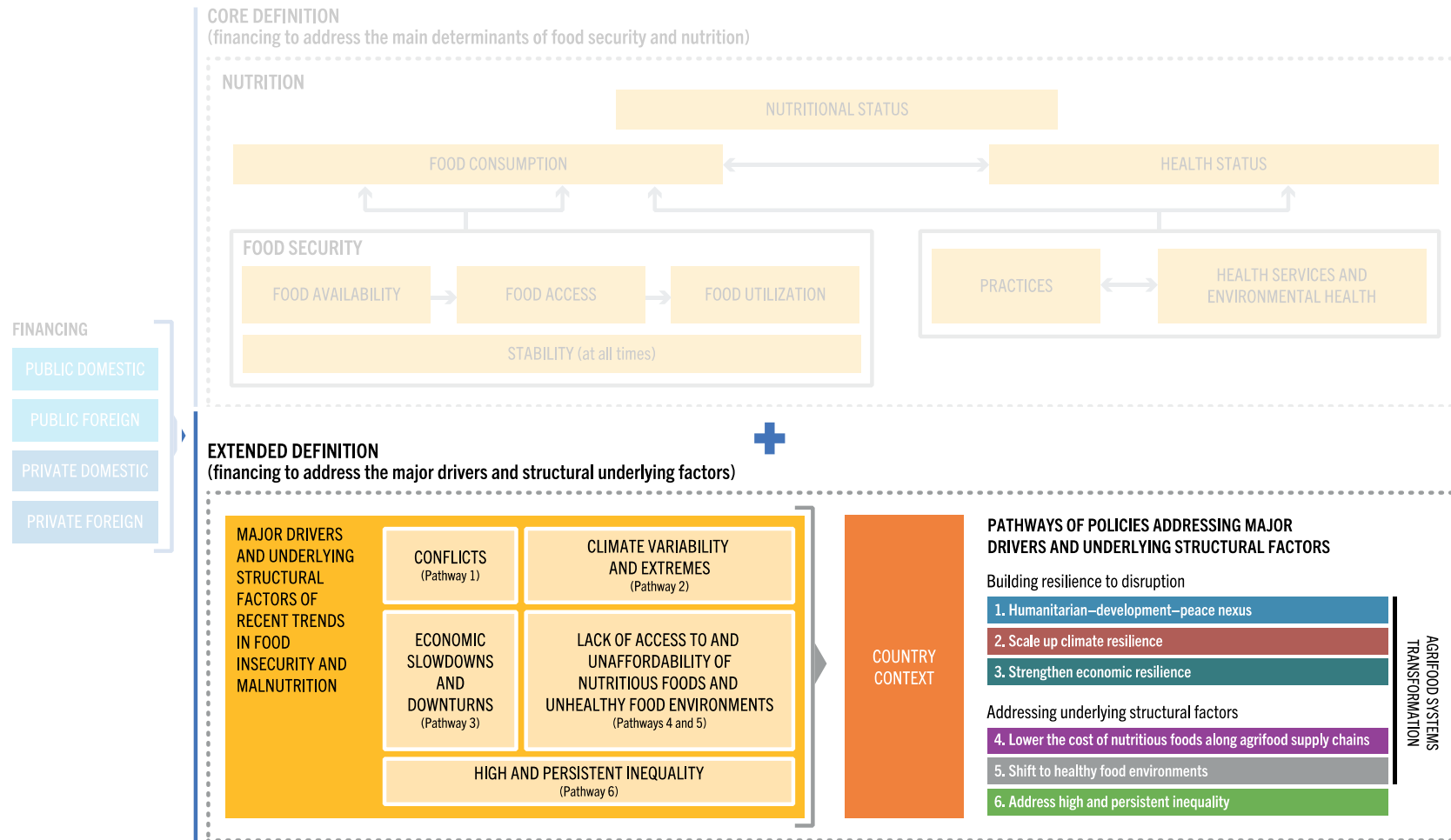
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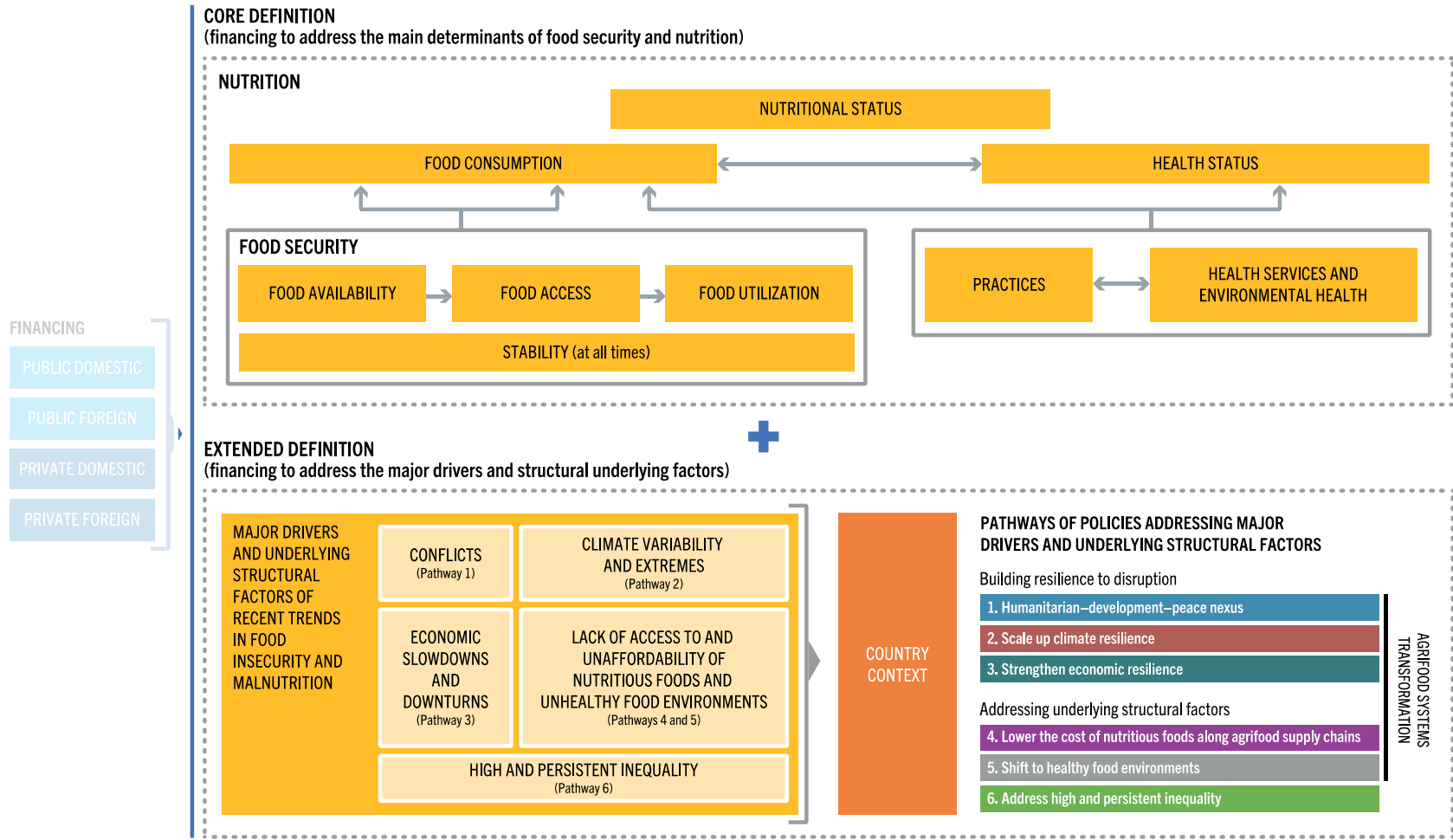
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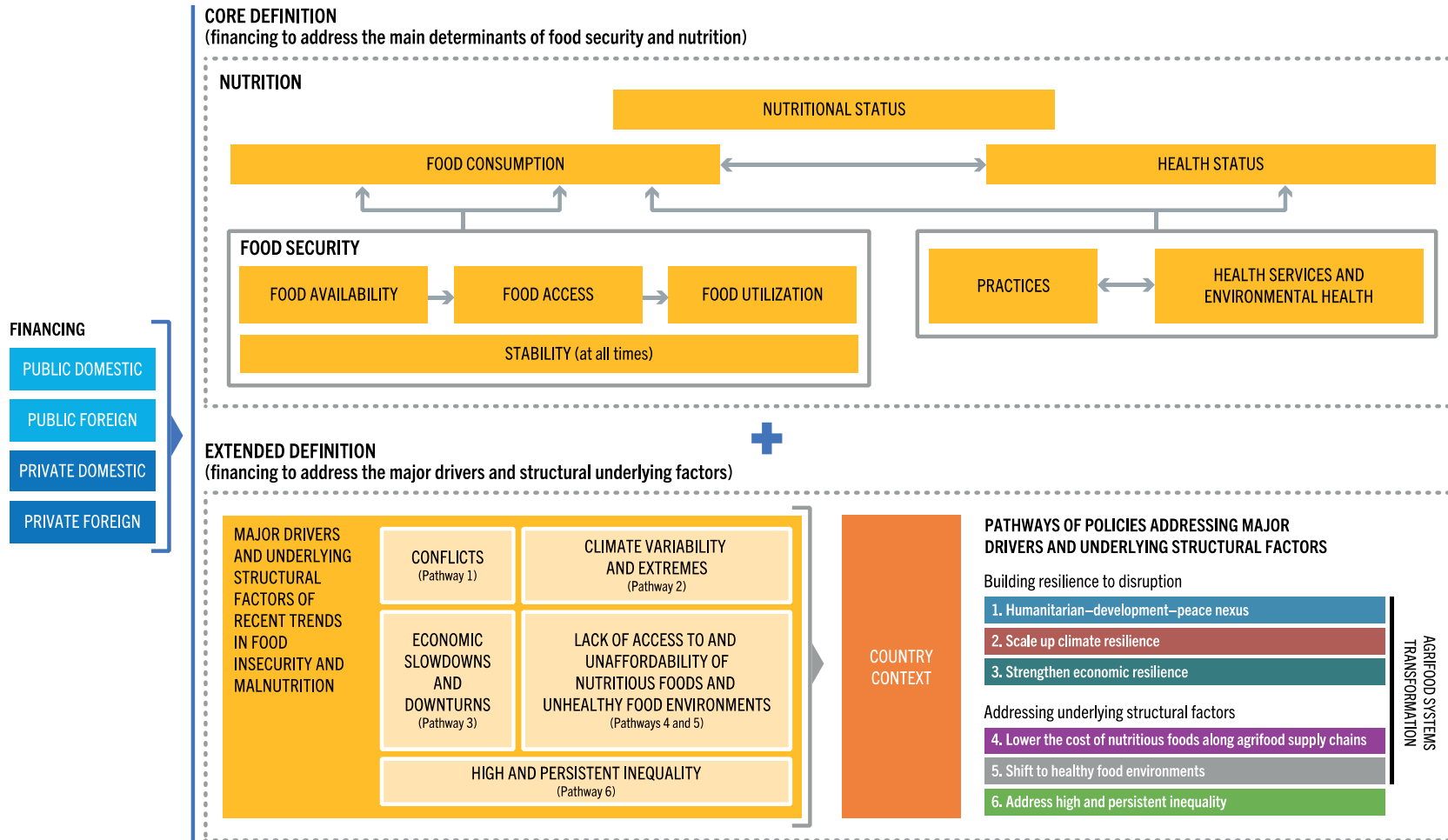
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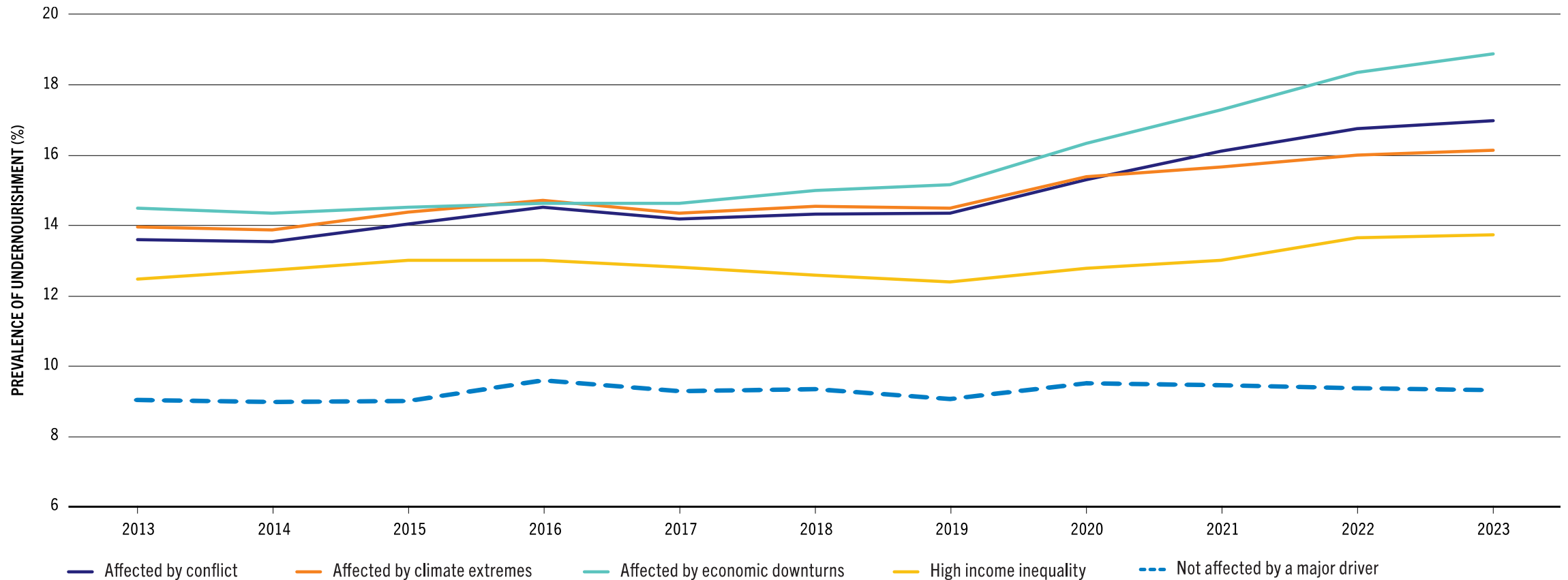


**Towards a new definition of *Financing for Food Security and Nutrition*
 – for ending hunger and food insecurity (SDG Target 2.1) and all forms of malnutrition (SDG Target 2.2)**



**Why is the extended definition important?
 The role of key drivers in rising hunger**

**TREND IN THE PREVALENCE OF UNDERNOURISHMENT FOR COUNTRIES AFFECTED BY THE MAJOR DRIVERS
 AND FACING HIGH INCOME INEQUALITY, 2013–2023**



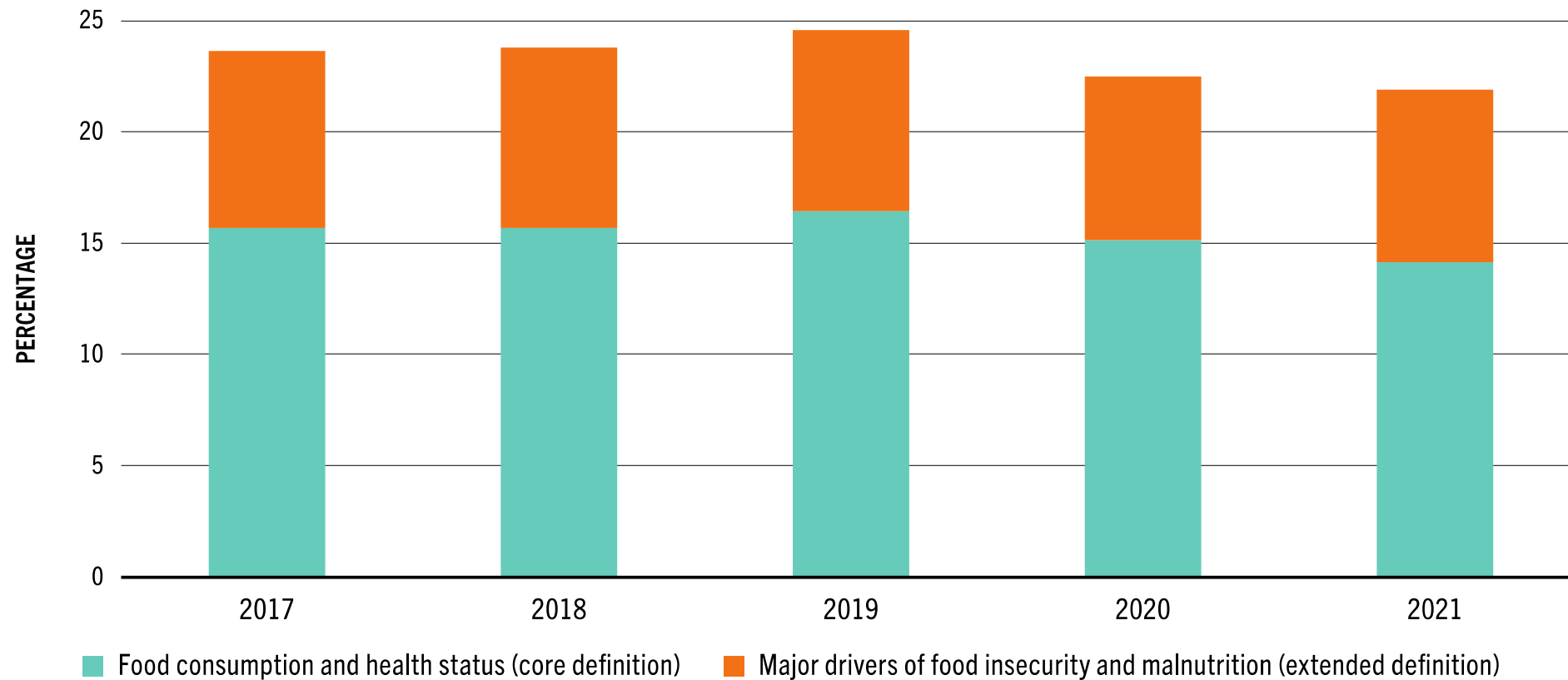
Current structures and availability of financial data impede the analysis of current levels and gaps in financing to end hunger, food insecurity and malnutrition

Source of financing	Domestic	Foreign
Public	<ul style="list-style-type: none"> ▪ Public spending ▪ Public development banks (state banks) 	<ul style="list-style-type: none"> ▪ Official development assistance ▪ Other official flows
Private	<ul style="list-style-type: none"> ▪ Domestic private sector investment and spending 	<ul style="list-style-type: none"> ▪ Multinational corporations' investments and spending ▪ Foreign direct investment

NOTES: The table is simplified to only show examples of different financing flows that belong exclusively to each financing source. There are other financing flows that are common to more than one financing source.

Public foreign financing for food security and nutrition – ODA and OFF

OFFICIAL DEVELOPMENT ASSISTANCE (ODA) AND OTHER OFFICIAL FLOWS (OOF) FOR FOOD SECURITY AND NUTRITION REPRESENT LESS THAN A QUARTER OF GLOBAL ODA AND OOF FLOWS AND ARE MOSTLY ALLOCATED TO FOOD CONSUMPTION AND HEALTH



Countries most in need of scaling up financing have problems in accessing financing

Countries' ability to access financing	Number of countries affected by food insecurity and malnutrition drivers									Food security and nutrition indicators		
	Total	Climate extremes	Economic downturns	Conflict	Climate extremes – economic downturns	Conflict – economic downturns	Conflict – climate extremes	Climate extremes – economic downturns – conflict	Not affected by major drivers	Prevalence of undernourishment in total population	Prevalence of stunting in children (<5 years)	Prevalence of overweight in children (<5 years)
	2013–2022									2023	2022	2022
	(number of countries)									(% average)		
Limited ability to access financing: High financial risk	44	12	4	3	3	2	9	4	7	23.1	23.9	4.9
Moderate ability to access financing: Medium financial risk	31	9	3	2	3	0	4	0	10	10.4	20.9	6.4
High ability to access financing: Low financial risk	44	11	3	2	5	1	6	2	14	6.9	13.3	7.7
Total	119	32	10	7	11	3	19	6	31	–	–	–

**Recommended innovative financing instruments for countries,
 considering their ability to access financial flows**

A. LIMITED ABILITY TO ACCESS FINANCING

**CONCESSIONAL FINANCE FOR DE-RISKING
 PRIVATE FINANCING**

- Grants
- Low- or no-interest loans
Combined with technical assistance for effective de-risking

**REALLOCATING FUNDS FOR FOOD SECURITY
 AND NUTRITION**

- Debt swaps
Debt service reallocated towards food security and nutrition investments
- Special drawing rights reallocation
Increased lending opportunities for low- and middle-income countries

**INSURANCE AND GUARANTEES FOR RISK-RESILIENT
 FOOD SECURITY AND NUTRITION INVESTMENTS**

- Parametric insurance
Better management of agricultural risks
- Risk pools
Increased insurance affordability
- First loss
Absorbed losses for high-risk investments

B. MODERATE ABILITY TO ACCESS FINANCING

INCREASED FUNDING FOR PUBLIC SPENDING

- Sovereign bonds
Linked with contingencies to decrease default risk
- Health taxes
Increased revenues and healthier food environments

**DE-RISKING FOOD SECURITY AND NUTRITION
 INVESTMENTS THROUGH BLENDED FINANCE**

- Donors and development finance institutions
- Public sector and development banks
- Philanthropic foundations
Strategic placement to further leverage private funding environments

**INSURANCE AND GUARANTEES FOR RISK-RESILIENT
 FOOD SECURITY AND NUTRITION INVESTMENTS**

- Parametric insurance
Better management of agricultural risks
- Risk pools
Increased insurance affordability
- First loss
Absorbed losses for less risky investments

C. HIGH ABILITY TO ACCESS FINANCING

**SCALING UP FINANCING WITH SUSTAINABILITY
 CONSIDERATIONS**

- Green, social, sustainability and sustainability-linked bonds
Increased private financing for development objectives

**EMBEDDING DEVELOPMENT OBJECTIVES IN INCREASED
 PRIVATE FINANCING**

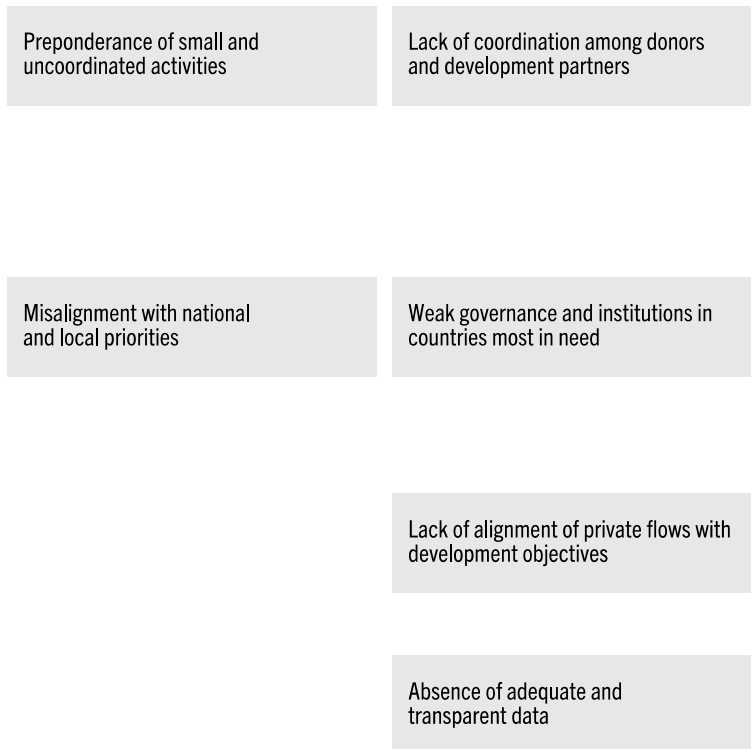
- Results-based funding
Mobilized private financing for better development impacts
- Incubators and accelerators
Projects financed in early stages
- Impact investment funds
Public-private finance mobilization

**INSURANCE AND GUARANTEES FOR RISK-RESILIENT
 FOOD SECURITY AND NUTRITION INVESTMENTS**

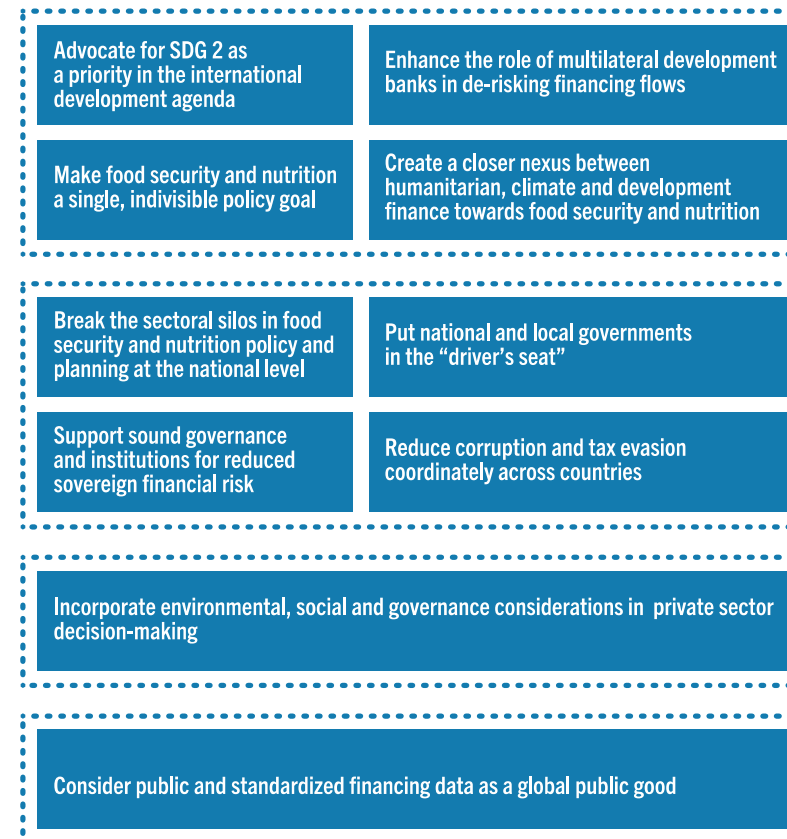
- Parametric insurance
Better management of agricultural risks
- Risk pools
Increased insurance affordability
- First loss
Absorbed losses to boost project bankability

**The current financial architecture for food security and nutrition is highly fragmented,
 creating further challenges to scale financing to food security and nutrition**

**FOOD SECURITY AND NUTRITION
 FINANCING ARCHITECTURE IS HIGHLY FRAGMENTED**



**FOOD SECURITY AND NUTRITION ACROSS SECTORS,
 STAKEHOLDERS AND DEVELOPMENT FINANCING FLOWS**



Thank you

**Join us on the 24th of July for the launch of the SOFI
2024 report during the the G20 Global Alliance
against Hunger and Poverty Task Force first
Ministerial Meeting in Brazil**