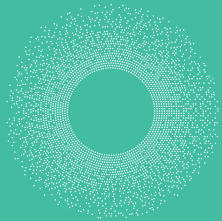




Global
Landscapes
Forum

Luxembourg 2019

White Paper



Breakthroughs in
Sustainable Finance

Unlocking Sustainable Finance to Transform Food Systems under a Changing Climate

This White Paper was produced by **CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS)**, led by the **International Center for Tropical Agriculture (CIAT)**.
The content of this GLF white paper is the sole responsibility of the authors.



RESEARCH PROGRAM ON
Climate Change,
Agriculture and
Food Security



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Background Information

Global food systems will need to produce food more efficiently and sustainably to feed a growing population, achieve the Sustainable Development Goals (‘SDGs’) and meet the 2°C climate commitments of the Paris Agreement. As climate change affects food systems, governments, food and agriculture companies, and public and private investors need to better identify and address the numerous climate-related risks they face. However, this can also be an inflection point to take advantage of new investment opportunities that the transformation to sustainable, low-carbon and resilient food systems presents. This will require addressing core market failures to move sustainable land-use financing into the mainstream to unlock the private investment needed.

In order to identify the most effective way to move from niche to mainstream, the proponents developed the “[Financing the Transformation of Food Systems Under a Changing Climate](#)” report. This report builds on a scenario analysis workshop and an extensive expert consultation with leading food and agriculture companies, asset managers and institutional investors among others, to identify how to reorient and leverage financial flows towards sustainable land-use. As a result, a sustainable finance roadmap was developed to provide a diverse set of policy options, innovative sustainable finance solutions, and strategies to advise governments, food and agriculture companies, public and private donors and investors on how they can support the transformation to low-carbon and resilient food systems.

This “white paper” for the session at the [GLF Investment Case 2019 in Luxembourg](#) and the panel discussion are structured around the “Financing the Transformation of Food Systems under a Changing Climate” report, which explores innovative avenues to address the following core market failures:

1. Lack of deep pipeline of bankable projects, today
2. High investment risk and lack of primary data/information asymmetries
3. Lack of intermediation to efficiently connect different pools of capital to investment

CCAFS and its partners highlight in the report, and below, a diverse set of policy options, innovative sustainable finance solutions, and strategies for how to unlock sustainable finance to support the transformation to low-carbon and resilient food systems.

| Market Failure | Overall Solution | Recommended Strategies |
|--|---|--|
| Lack of deep pipeline of bankable projects | Create investment opportunities in the transformation of food systems | Corporates raise the bar for sustainability on existing business-as-usual investments, and continue mainstreaming ESG commitments |
| | | Scale up green financing linked to climate outcomes |
| | | Government support to embed the external costs of unsustainable food systems into business-as-usual decision-making, create market incentives for new sustainable opportunities, and support market-building interventions |
| | | Blended finance to develop a deeper pipeline of bankable projects and catalyse private investments in new markets and business models; and |
| | | Digital solutions to support pipeline development, as well as new standalone investment opportunities |
| High investment risk, and lack of primary data/ information asymmetries | Accurately assess risk and deploy appropriate risk-mitigating mechanisms | Blended finance to de-risk and catalyse private capital; and |
| | | Equipping investors with data and risk tools necessary to execute better risk assessment and management strategies |
| Lack of intermediation to efficiently connect different pools of capital to investments | Intermediate/match to the respective risk-return profiles of different sources of private capital | Market-accepted climate valuation methodologies, as well as simpler and standardised products |
| | | Aggregation and securitisation to convert investment products into marketable securities to a wider pool of investors with different risk-return appetites |
| | | Deal matchmaking platforms to facilitate transactions between a pipeline of investable projects and pools of investment capital; and |
| | | Shift in the investor mentality of the private sector, to take advantage of the growing momentum in blended finance to participate in less traditional asset classes and markets |

The report concludes with a strategic sustainable finance roadmap for a way forward, providing clear action-oriented recommendations, respectively, for governments, public and philanthropic donors (without financial return), public and philanthropic investors (with financial return), corporates, and private financial investors. These recommendations are structured around short (1-3 years), medium (3-10 years) and long-term strategies (10+ years) and represent a fundamental call to action for these actors to unlock sustainable finance for the transformation of food systems under a changing climate. For further information on the detailed recommended strategies and the sustainable finance roadmap, you can visit the report [here](#).

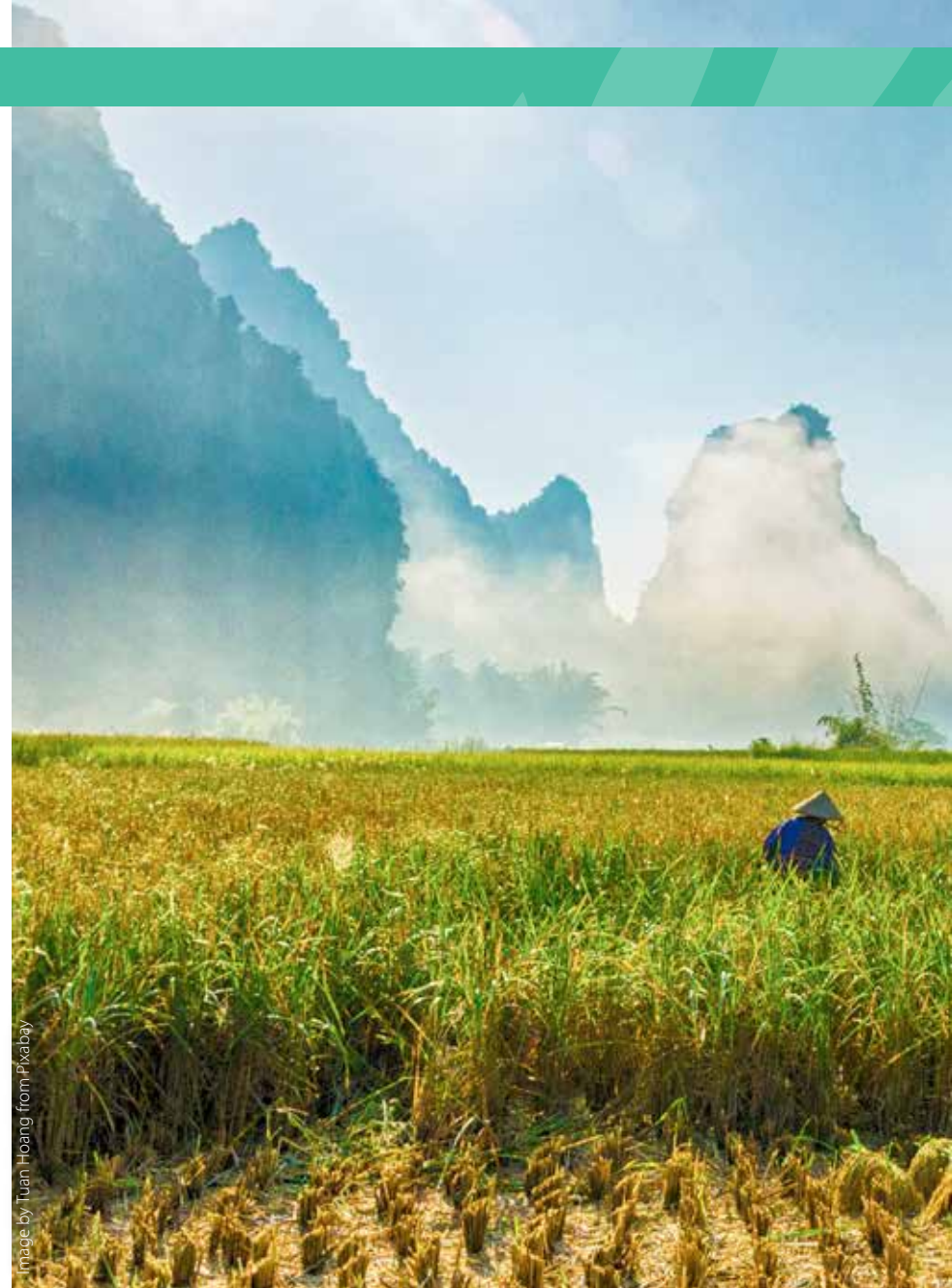
Description of GLF Session in Luxembourg

Building on the [Transforming Food Systems Under a Changing Climate](#) initiative, led by the [CGIAR CCAFS Program](#) along with other [key partners](#), several financial sector experts will discuss how to move sustainable land-use financing into the mainstream.

The session will start by launching the “Financing the Transformation of Food Systems Under a Changing Climate” report. Then, a panel of industry leaders will discuss the role that sustainable finance and capital markets can play in accelerating the transition from niche to mainstream investments in sustainable land-use. They will also discuss specific strategies and innovative solutions that mainstream investors can use to reorient and leverage capital flows to sustainable land-use business models that are financially attractive and deliver environmental and social impact. Specifically, the session will discuss some of the following issues:

- How are financial institutions and investors mainstreaming sustainability into their organizations and decision making?
- How can corporate clients and embrace non-competitive relationships to reach scale?
- What are the key enabling factors to de-risk investments?
- How do you leverage your market leader position before others crowd in?
- Which sustainable financing options are available for land-use?

After that, an open Q&A session will be held to allow the online and offline audiences to share their perspectives and interact with the panellists.





Session Objectives

1. Launch Sustainable Finance Roadmap for Food Systems' Transformation
2. Advance the dialogue on the role that sustainable finance and capital markets can play to crowd-in private capital to finance sustainable land use
3. Identify concrete strategies and innovative solutions that mainstream investors can use to reorient and leverage capital flows towards investments in sustainable land-use

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Participating organizations

GLF Luxembourg 2019 would not be possible without the support and participation of the following hosts, partners and organizations. For a full list of everyone involved, please visit: events.globallandscapeforum.org/luxembourg-2019/partners

