

FOOD SYSTEMS DIALOGUES (FSDs)
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*The format of FSDs Summary Reports is under development. This report may be subject to change

Executive Summary

On 24 September 2018 a Food Systems Dialogues (FSDs) event took place in NYC, organized by the World Economic Forum, as part of the Sustainable Impact Summit. Approximately 60 participants attended, reflecting a range of actors working in Food Systems, ranging from a Chief Sustainability Officer at a global furniture retailer, to CEO of a multinational food and beverage manufacturer, to Directors of global think-tanks and NGOs.

1 round of facilitated Dialogue was held at the event, at 7 tables. Each table addressed a different theme within the objective of transforming food systems globally.

The following is a summary of the tables' proposals for food systems transformation as well as the discussions that led them to their conclusions.

As is the norm at FSDs events, all ideas outlined in this Summary Report are not attributed to any particular individual or organization. Each proposal did not necessarily receive universal support from all participants at the event; rather, the aim of this report is to capture recommendations made at the event, in order to allow continuity and consensus - a 'red thread' - to emerge across all FSDs events.

Proposals

Theme 1: Healthy and Nutritious Diets

Proposal 1: Increase pressure on governments to fix their countries' broken food systems

There are a lot of challenges to improving diets - policies are completely disconnected from the science; production is not focused on health; dietary guideline don't trickle down through supply chains; and subsidies are not connected to improving diets. Many government's own policies actually prevent their population's access to nutritious food.

Agriculture subsidies often skew a population's diet away from nutritious food. For example, school meals in America are dictated by subsidies and not science. Subsidies also impact food recovery rates due to their grading standards.

Governments need to do more to ensure that their policies are leading to nutritious food being affordable and available. The incentives are clear - every dollar that is invested in food systems is paid back three times.

Proposal 2: Improve consumer education so that people are incentivised to make better food choices

In many ways education about this issue is the low hanging fruit and therefore should be prioritised. The public need to understand the true cost of food - for example the price of a burger and a soda at McDonald's is not the true cost if you integrate environment and health impacts. Increasing education and awareness about the health care costs of food that is not nutritious can give people a personal incentive to change their diet.

It has to be acknowledged that people often choose unhealthy food (such as fast food) because that food is aspirational. Instead, consumers, especially young consumers, need to care about the nutritional quality of their food. More could be done to highlight the health benefits of eating well.

We need to see a more human centric approach to education, including the use of culture and cooking as a way to empower people and open a moment of interaction. It is this connection we are missing and food is the most powerful tool for creating it.

Theme 2: Livelihoods and Productivity

Proposal 3: Increase transparency / traceability

More openness is key to ensuring the system is fairer and less risky. Right now farmers have the highest risk but lowest return, and traceability can help us to shift this dynamic. Private sector dialogue on this issue, and designing steps to rebalance power would also be useful.

Distribution remains a huge challenge globally. For example, Brazil produces 50% more food than its population needs, but still many go hungry; and in India, the internal distribution networks are so weak that a lot of food that is, or could be, produced locally is imported.

There is also a challenge in balancing efficiency and sustainability. For example, in Indonesia there is a large push to drive more fertilizer use, but this depletes the soil.

There is a lack of consumer understanding of what it takes to drive the whole supply chain journey, and therefore what the real cost is of healthy and sustainable food.

Traceability it makes it possible to validate and incentivize quality. This means that smallholders can be paid according to their production practices. Investment at the local level is key, specifically taking into consideration shared risk models.

Proposal 4: Build better social, political, and economic infrastructure

Farmers can't invest without the right affiliates like education and health. We also need to invest in operational financing, so that it is possible to fairly share the value of the food that is grown.

There are tradeoffs between big and small companies. Big companies can realize economies of scale not available to smallholder farmers which means they lose out on volume, quality, price and sustainability. It is difficult for smallholders to be paid for quality.

It is important to consider that currently, profitability and productivity are not the same; if a producer increases their productivity, their profitability doesn't always rise with it.

Infrastructure investments are critical. Mobile financing options could be powerful given the proliferation of mobile tech. Overall, structural changes are needed in how investment is made, and public private partnerships could be a driver of these changes.

Theme 3: Carbon Neutrality and Climate Change

Proposal 5: Increase innovation that directly helps farmers

It is clear that we need farmers to change their practices to be more sustainable, but the realities of implementing this need to be thought through. This will be a very costly process - both for the farmer and the consumer.

Farmers need access to more innovation such as new technology, farming practices, and pricing. This process should be made visible to the producer.

Proposal 6: Introduce a carbon footprint line on the Nutrition Facts labels.

To move towards science-based targets and pricing carbon effect is a huge shift. Therefore we need to help the farmers to get paid for producing sustainably, and ensure the price for the end consumer will not be much higher.

A carbon footprint label could be created to tell consumers how sustainable their food is, and help them to make better choices.

Theme 4: Biodiversity and Ecosystems

Proposal 7: Increase partnerships at a local level

There could be a stronger focus on building collective efforts and working in coalitions.

Proposal 8: Develop science-based targets to specify the threshold for biodiversity

Embracing a science based approach should be a priority. Science based targets will enable us to develop a threshold of biodiversity and work this into our food systems.

More could be done to ensure that national policies elevate the importance of biodiversity. Strong policies are needed to continue promoting the value of ecosystem services, and the key to all of this is clear targets and measurements.

Proposal 9: Unlock financial markets

Financial markets could be unlocked through biodiversity bonds. Currently investors are not fully aware of what this means, and will need training on biodiversity.

Theme 5: Inclusive Value-Chains and Rural Development

Proposal 10: Use technology to drive efficiencies which increase farmer income while ensuring consumer prices are affordable

In order to genuinely transform value chains, the role of technology must be utilised as an enabler across the whole value chain. Technology could be used to reconcile the need to improve farm gate prices with the growing urban need for affordable nutritious food by improving the efficiency of the value chain. Where appropriate, technology could disintermediate the supply chain, removing some of the need for intermediaries and financing at various stages of the value chain.

The key to strengthening technology use in agricultural value chains, will be in its ability to provide for greater market stability, enhanced market transparency, and improved price visibility.

Relevant information needs to be provided to the individual farmer in order to enhance their decision making; and at the same time better information should be provided to consumers to allow them to use their individual purchasing power to have a say in the kind of food system they want.

This sees the need for reinventing the marketplace for food to bring in more efficiency, less waste, more sustainability and more transparency and efficiency. Food loss and food waste are a clear example where improved use of technology could have significant impact on the overall system.

Proposal 11: Use technology to enhance traceability and trust in the system

For technology solutions to be genuinely transformative, it is vital that trust be developed. There needs to be a marked increase in transparency at all points along the value chain if it is to be inclusive.

This is related to a heightened need for improved traceability throughout the value chain. The business models and scale points associated with traceability need to be more clearly articulated to ensure effectiveness, particularly in relation to the last mile.

Proposal 12: Ensure technology is human - and environment - centric

It is important that an enhanced focus on innovation and market disruption doesn't unfairly disadvantage those it is meant to be benefitting at both ends of the value chain. Any developments in technology

innovation need to be human-centric with enhanced focus on inclusivity. In addition, any technological solutions should also support progress towards achieving required environmental outcomes.

Proposal 13: Design investment models that incentivise and de-risk innovation

Incorporating incentive and de-risking models would strengthen the role of innovation and the scaling up of those models. This includes the need for graduated investment models that incentivise the scaling up of inclusive business models and, where relevant, incentivise the co-creation of solutions for the public good.

There is also scope to look at food and land use bonds and similar instruments to promote strengthened value chain integration and sustainability.

The institutional investor (eg pensions funds) could play a greater role in promoting inclusive, sustainable and integrated value chains as they have a vested interest in medium to long term viability.

Proposal 14: Build solutions to share data

There should be a strengthened focus on viable shared data solutions or interoperable platforms that incentivise different stakeholders to value in contributing data into the system at different points in the value chain.

It would be valuable to consider creating a Task Force on Food System Disclosure to strengthen investor focus on sustainable and inclusive value chains.

Theme 6: Food Systems in fragile settings

Proposal 15: Strengthen the capacity of the local private sector to handle shocks

The priority is to ensure that there is enough food for everyone in fragile settings. To achieve this, food systems need to be able to function during fragile periods.

One of the key challenges in this type of setting is institutions breaking down, and government capacity decreasing. During the post-emergency phase it is very difficult for vulnerable people to build resilience. These populations have usually lost the capacity and asset base needed to take risks on food production and re-establish livelihoods.

Another challenge is that in times of fragility, private sector players are reluctant to invest. Instead, countries often rely on grant money which is not sustainable.

An example of a country that was able to work its way out of these challenges is Ethiopia, where parts of the country were suffering from recurring drought. WFP and FAO worked in partnership for 5-10 years with the Ethiopian Government. They focused on infrastructure and investment; creating a safety net of different kinds of food assistance. Over 10 years this approach saw strong progress.

However, there was not a lot of private investment that featured in that model. Also, the government did not like working with humanitarians, and claimed that these organisations wanted to take the lead. In a model like this it is important for governments to take political ownership of the problems and solutions.

Given that multinationals often back out as soon as a situation becomes fragile, the solution has to come from local companies (private sector or micro-entrepreneurship at the community level).

Proposal 16: Scale up or replicate pre-existing initiatives to build resilience in developing countries

WFP is part of the Farm to Market Alliance, a group of eight organisations that work on the premise that farmers should not be treated in vertical silos (i.e. as fertilizer customers, seed customers, finance customers), instead they should be looked at holistically. 150 000 farmers are now covered by this alliance and a digital platform has been created to enable farmers to sell and buy their product virtually, as well as access knowledge.

There is also an all-India coalition that addresses these challenges. They work with farmers to assess what they need (i.e. finance, knowledge, information). This approach relies on there being someone who can provide the funds, someone who can buy the materials, and people who can provide the training - it then becomes a complete system that a farmer can plug into.

Proposal 17: Provide displaced people with better livelihoods training and support

It is important to look at solutions that target displaced populations. Solutions that can increase the education and access to livelihoods of the refugee and migration flows could be very useful. This could include training programs to vastly increase their knowledge of farming practices.

The UK recently funded a fantastic support program for people displaced by conflict. They invested \$500m industrial parks in Ethiopia which employs people.

Theme 7: Resilience

Proposal 18: Diversification of smallholder livelihoods

It is important to put smallholders in the middle of the conversations and the solutions. Smallholders don't work in silos, they grow both food and cash crops and can provide a holistic framework for action. It is possible help these farmers by supporting the development of better farming and broader enterprises.

More coalitions need to be established, that then work with companies to source more/different crops. This would help farmers to diversify and increase technical solutions. More system integrators and heavy institutional innovations are needed in the food sector and the private sector has a role to play.

Diversifying livelihoods should not just focus on agriculture.

Proposal 19: Risk transfer investments

There could be a greater focus on risk-transfer investments, e.g. Index-based insurance. There have been some pilots on this but they could be scaled up.

Proposal 20: Increase the capacity of governments to react to shocks

It is important that governments take the lead in investing in infrastructure, trade and other institutions. Overall, the role and capacity of government is critical in increasing resilience.

This is a profound transformation period and there is a need to help with the growing uncertainty, such as vegetable protein replacing meat, and deforestation related devastation is a driver of climate extremes.

Proposal 21: Bio-Economy – an inclusive approach to conservation and capacity

There is a component to address around the bio-economy. Technology now allows us to map genome for all biodiversity and if this is done in an inclusive manner it could have significant impact.

There is a need to emphasise the longevity and acceleration needed for addressing weather climate risks.