WORLD AGRICULTURE FORUM

Finance and Investments for Disruptive and Accelerated Agri-Food Systems Transformation

Webinar Report

Presented By:
World Agriculture Forum

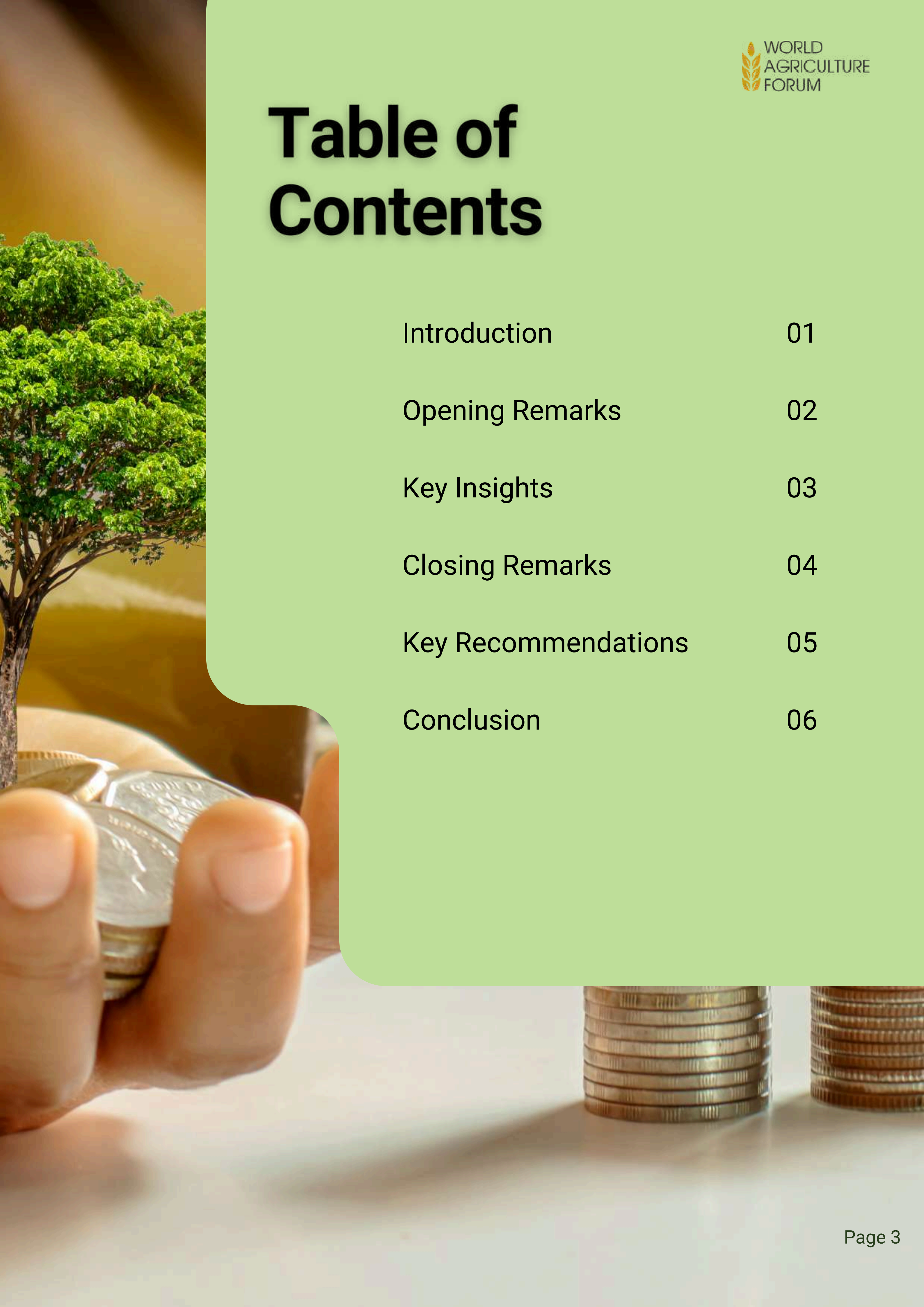
“Financing food systems transformation is not optional, it is the foundation for climate resilience, equity, sustainable growth.”—Ramona Angelescu Naqvi

Panellists

1. Leonard Mizzi, Head of Unit, DG INTPA F3 Sustainable AgriFood Systems and Fisheries, European Commission
2. Dr. Jyotsna (Jo) Puri, Directpr Policy & Programs, UNEP & Former ASG and Sr VP, Sectors & Knowledge, IFAD
3. Ladé Araba, VP, African Fertilizer and AgriBusiness Partnership (AFAP)
4. Dr. Halim Ben Haj Salah, Director of Technical Support Department-Agricultural Technical Advisor, Arab Authority for Agricultural Investment and Development (AAAID)

Moderator

Ramona Angelescu Naqvi, COO, World Agriculture Forum



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Introduction

The world is facing a food systems paradox: Agriculture is indispensable to human survival and planetary stability, it feeds the world, anchors climate solutions, preserves biodiversity, and sustains billions of livelihoods. Yet, it remains one of the most neglected and underfunded sectors in the climate finance landscape.

This funding gap was brought into sharp focus during COP29's Food, Water, and Agriculture Day. A new report by the ClimateShot Investor Coalition (CLIC) and the Food and Agriculture Organization (FAO) estimates that transforming global agrifood systems in line with the 1.5°C climate goal will require an investment of USD 1.1 trillion annually. Current financial flows, however, are a staggering 40 times lower—placing agriculture among the most underfinanced sectors in the climate response. The report also exposes critical gaps in planning, financing strategies, and data systems, further compounding the challenge.

At a time when the demand for sustainable, regenerative, and resilient food systems is surging, development assistance is retreating. Budget cuts by key donors such as USAID and FCDO are straining already vulnerable communities, leaving farmers and agri-food systems even more exposed.

These findings underscore that support is available, but the architecture is broken. In this context, the World Agriculture Forum hosted a high-level webinar to examine the structural barriers and innovation deficits hindering transformative investment in agri-food systems.

Speakers highlighted that the issue isn't a lack of capital, but rather a lack of fit-for-purpose financial mechanisms and underlying structural risks that deter investment. The discussion centered around five thematic areas: risk recalibration, aggregation and scale, blended finance, policy alignment, and farmer-centered innovation.

Opening Remarks

Moderator Ramona Angelescu Naqvi opened the session highlighting that although agriculture is foundational not only for food security, livelihoods, and poverty alleviation, but also as a frontline solution for climate mitigation, adaptation, and biodiversity conservation. Yet, despite its central role, the sector is under mounting pressure from climate change, conflict, economic shocks, and deepening inequalities—and remains chronically underfunded in global climate finance.

She emphasized that while agriculture holds immense potential to reduce emissions and build resilience, this strategic importance is not reflected in financial flows. Today, the sector receives just 4% of total global climate finance—an alarmingly disproportionate figure, given its scale, vulnerability, and transformative potential.

This marginalization is not due to a lack of capital, but rather a financial system that misreads agricultural risk and devalues the contributions of smallholder farmers. Ramona called attention to the disproportionate impact on smallholder farmers, who produce a third of the world's food yet are often labelled unbankable or too fragmented to engage. An outdated view that continues to stifle innovation and progress across the entire food system.

She also pointed out that financial tools with the power to shift this reality—such as blended finance, guarantees, insurance, grants, and equity, remain vastly underutilized, especially when it comes to unlocking investment for smallholders.

Ramona framed the challenge squarely: we must redesign financial ecosystems that are responsive to the realities on the ground—where financing is not just a matter of flows, but of fairness, foresight, and functionality.

Key Insights and Thematic Takeaways

Rethinking Risks & Capital Flows

Dr. Jo Puri underscored a systemic truth: financial institutions are not inherently risk-averse—they are risk-misguided. The way agricultural risk is defined, measured, and priced is outdated and misaligned with ground realities. "They stretch tenors, inflate requirements—not because the sector doesn't perform, but because the underlying risk structures are poorly understood."

Additionally, credit ratings exaggerate the exposure, and traditional banking models—designed for urban, fixed-asset borrowers—don't reflect the seasonal, cyclical, and climate-dependent nature of farming. This mismatch results in missed opportunities to finance one of the most impactful sectors for food security, climate resilience, and rural livelihoods.

Investors respond to the signals we give— and today's system sends the wrong ones!

What's needed is a recalibration of risk:

1. Accept movable assets (like machinery or warehouse receipts) as collateral
2. Reframe credit ratings to recognize seasonal cash flows and long-term, systemic returns
3. Create shared databases on default rates and agri-sector performance to inform better underwriting
4. Design financing tailored to harvest and climate cycles, not rigid quarterly returns
5. Promote incentive-aligned investments, where impact and return go hand in hand
6. Drive policy and regulatory innovation, particularly from IFIs, to shift outdated risk perceptions

The key, she emphasized, is not to remove risk entirely but to better understand, share, and manage it across actors.

> *"Agricultural finance must reflect how agriculture actually works — seasonal, cyclical, and transformative."— Dr. Jo Puri*

Aligning Public Policy and Partnerships

Leonard Mizzi painted a broader geopolitical picture highlighted that today's food systems face compounded threats—shrinking development aid, conflict-driven disruptions, escalating climate extremes, and biodiversity loss accelerating ecosystem collapse. These crises are deeply interconnected and cannot be addressed in isolation.

He emphasized that agricultural financing is not just a market issue but a governance and prioritization challenge. Without systemic policy alignment, no financing mechanism can succeed on its own.

Finance must be embedded within broader systems thinking. This includes:

- Mobilizing domestic and regional capital for food systems transformation
- Breaking down institutional silos between climate, agriculture, and biodiversity agendas
- Shifting public policy from reactive subsidies toward enabling infrastructure and risk-sharing frameworks
- Prioritizing intra-regional trade and strengthening local food economies

In fragile and vulnerable regions, finance alone isn't enough—it must be part of a coordinated architecture that prioritizes resilience, aligns KPIs, and supports the foundational systems agriculture depends on.

> *"Addressing food, climate, and biodiversity in silos won't work—we must align them and direct investment to the regions that need it most." — Leonard Mizzi*

From Fragmented to Fit-for-Purpose Finance

Blended finance was widely acknowledged by the panel as a powerful tool—but one in urgent need of reform. While the idea of mixing concessional and commercial capital holds promise, its current structure is often too fragmented, slow-moving, and poorly matched to the realities of agriculture—especially for smallholder-based systems.

Ladé Araba highlighted that institutions remain hesitant to use risk-sharing tools like guarantees, because for every dollar guaranteed, another must be set aside—limiting the incentive to deploy capital at scale. She pointed out to the African Fertilizer and AgriBusiness Partnership (AFAP) model, where partial credit guarantees unlocked ten times their value in fertilizer trade. This is a compelling example of how the right tool, tailored to the right risk profile and stage of the value chain, can deliver exponential results.

Yet such outcomes remain the exception, not the norm. The system must evolve beyond small, rigid instruments to embrace bold, catalytic design. She reinforced that *"Investors are rational. But if the fundamentals— '4 Ps' (land, production, people, and partnerships)—are missing, no amount of capital will fix the problem"*. Without this reset, agri-financing will remain niche instead of catalytic. Structural de-risking must be built in, not bolted on.

What's urgently needed is a fundamentally new design logic:

- De-risked, fundable projects, not just concessional capital
- Digital platforms and cooperatives to aggregate smallholders and reduce transaction costs
- Last-mile financing models that meet farmers where they are
- Equity investments and microfinance instruments tailored for small and medium-scale farmers

To move forward effectively:

- Align finance with project maturity and actual risk levels
- Standardize and scale blended finance structures
- Streamline concessional capital and guarantees to make them faster to access and easier to use

It's time for finance to serve purpose as well as profit. That requires shifting the architecture—not just the instruments—so that innovation reaches smallholders and finance adapts to agriculture, not the other way around.

> *"The global capital markets are valued in excess of $400 trillion, so the issue is how we make agri-food systems investable to attract some of this private investment." — Ladé Araba.*

Aggregation & Scale —Making Farmers Visible and Viable

Halim Ben Hajj Salah highlighted stressed that Fragmentation among farmers—especially smallholders—is both a risk and an opportunity. He highlighted that "80% of Arab agricultural land is owned by smallholders, many of whom operate without cooperatives or formal aggregation. This leaves them unbankable and isolated from markets.

To bridge this gap, he called for:

- Digital platforms that virtually aggregate farmers for input, finance, and market access.
- Greater support for cooperatives and farmer associations—not to distort markets, but to make them legible to investors.
- Stronger contract farming models that link farmers to food processors and guarantee offtake.

This isn't just about inclusion—it's about making agri-food systems investable at scale. Connecting small farmers requires institutional infrastructure and last-mile financing mechanisms that don't yet exist at scale. Without these enablers, smallholders remain invisible to investors and unbankable in the formal financial system.

> *"Aggregation is key — we must connect small farmers to capital and scale without losing their autonomy."— Halim B Salah*

From Pilot Projects to Scalable Systems

The panel unanimously called for an end to the era of donor-funded pilot projects that fail to scale. The future lies in building robust, standardized investment platforms that can attract institutional investors and deliver long-term sustainability. Build larger agri-food projects that can attract institutional investors.

Key actions include:

- Bundling smallholder projects into investment-grade platforms
- Using data-driven KPIs to align impact with financial returns
- Investing in processing, value addition, and storage to enhance supply chain resilience
- Transitioning from project-based aid to ecosystem-based finance

As **Leonard Mizzi** cautioned, *"Agri-finance and investment alone will not be enough in most fragile contexts."* Instead, success depends on whether investments are fit for the system —not just fit for the spreadsheet.

Closing Remarks

In her closing remarks, **Ramona Angelescu Naqvi** reminded the audience that behind every financial model is a farmer. Behind every return on investment is a return to the land. And behind every policy failure is a missed opportunity to build justice, sustainability, and security. This isn't just about dollars and returns, it's about the future of people, food, and the planet.

She urged all stakeholders, development banks, governments, investors, and innovators to move from transactional thinking to transformational design. Financing, she said, must be shaped through co-creation with farmers, not designed in distant boardrooms.

Key Recommendations

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1

Reframe Agricultural Risk—and Share It

- Redefine collateral and credit scoring systems
- Create real-time, shared data on agri-performance
- Scale public-private de-risking mechanisms

Risk should be managed, not used as an excuse for exclusion.

2

Redesign Blended Finance for Relevance

- Streamline concessional capital and guarantee processes.
- Match financial instruments to value chain stages and risk levels.
- Standardize successful blended finance models for scale.
- Align DFI/IFI incentives with innovation and long-term impact.

3

Connect Farmers at Scale—Without Compromising Autonomy

- Use digital platforms to virtually organize smallholders.
- Strengthen cooperatives and farmer groups.
- Expand contract farming with fair and transparent terms.
- Support last-mile finance and advisory services.

4

Align Policies to Build Investable Systems, Not Just Projects

- Integrate food, climate, and trade agendas.
- Shift from subsidies to infrastructure and risk-sharing tools.
- Mobilize domestic capital through enabling regulation.
- Target fragile regions with coordinated, resilience-focused strategies.

5

Move from Projects to Platforms

- Bundle successful initiatives into investable portfolios.
- Apply shared KPIs for sustainability and equity.
- Invest in processing, storage, and value addition.
- Build ecosystems that connect finance, farmers, and innovation.

A resilient food system needs resilient local financial institutions at its core.

6

Strengthen Local Financial Ecosystems

- Enable local banks, MFIs, and fintechs to deliver agri-finance at scale.
- Build capacity to design farmer-first financial products.
- Foster South-South exchange on scalable, context-driven models.

Conclusion

The conversation during this webinar reaffirmed what many already know but few act upon: transforming agri-food systems is not just about increasing the flow of money—it is about changing the direction, design, and purpose of finance itself.

Today, we are attempting to solve complex global problems—climate breakdown, food insecurity, rural poverty—with outdated financial tools and fragmented institutions. We are trying to build resilient futures using systems that treat agriculture as marginal, smallholders as invisible, and risk as something to be avoided rather than understood and shared.

This approach is no longer tenable.

What emerged from this dialogue is a bold and practical roadmap: we must recast agricultural risk, repair broken incentives, redesign blended finance, and reshape public policy to create investment-ready systems—not just projects. We must see farmers not as beneficiaries of charity, but as entrepreneurs, custodians of ecosystems, and critical partners in global stability.

If smallholder farmers remain unserved, if blended finance remains a niche experiment rather than a mainstream solution, and if public policy remains fragmented, we will continue to miss the scale, speed, and depth of transformation that food systems urgently require."

But the good news is the solutions are within reach. From aggregation platforms and last-mile finance to regional trade frameworks and reimagined guarantees, we already have many of the building blocks. What's needed now is coherence, courage, and commitment.

This webinar issued a clear call to action: Finance must meet farmers where they are—not where balance sheets wish they were. If we are to feed a growing population while healing the planet, financial innovation must be matched by policy ambition and farmer-centered design. It's time to unlock finance that fuels transformation—not just transactions.

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