

FfD4 SIDE EVENT

BANKING ON CHANGE: INTEGRATED FINANCING TO END HUNGER AND POVERTY

Date and Time: Monday 30 June 16:30 – 18:00

Venue: Room side event 3

Organizers: Spain, Brazil (co-chairs Global Alliance Against Poverty and Hunger)

Interpretation: PT/EN/ES

AGENDA (90 mins)

AGENDA		ACCELERATING ACTION: INTEGRATED AND INNOVATIVE FINANCING TO END HUNGER AND POVERTY	
15 mins	Opening Remarks ▪ José Manuel Albares, Minister for Foreign Affairs, European Union and Cooperation, Spain ▪ Wellington Dias, Minister for Social Development and Assistance, Family Affairs and Fight against Hunger, Brazil		
35 mins	<u>SESSION 1: Exploring novel approaches to overcome policy implementation challenges</u> <u>Moderated by:</u> Lauren Phillips, Deputy Director, FAO Rural Transformation and Gender Equality Division <u>Guiding questions:</u> Which are the key challenges for scaling-up action on SDGs 1 and SDG 2, in a way that also contributes to reducing inequalities (SDG10) and other SDGs?		

	How can the Alliance's reference policy basket and matchmaking function address the fragmentation of international development cooperation and help bridge SDG 1 and SDG 2 communities? Can the results of the Alliance's Fast Track Implementation planning process be scaled as a new approach for better coordination? <u>Panelists:</u> 1. Ilan Goldfajn, President, Inter-American Development Bank 2. Girma Amentie, Minister of Agriculture, Ethiopia 3. Angela Chomba Kawandami, Permanent Secretary of Ministry of Community Development and Social Services, Zambia 4. Akinwumi Adesina, President, African Development Bank
35 mins	<u>SESSION 2: Delivering integrated and innovative financing solutions at scale</u> <u>Moderated by:</u> Gabriel Ferrero, GAFSP Senior Strategy Advisor and former CFS Chairperson, Spain <u>Guiding questions:</u> In a context of ODA cuts and increasing fragmentation, how can we mobilize finance at scale to help countries advance inclusive food and social protection systems and eradicating poverty? Recognizing that making small food producers more resilient and extending adaptive social protection to the most vulnerable are key aspects of climate change adaptation, how to increase climate funding to these areas? How can we advance integrated financing frameworks and innovative financing instruments for SDG 1 and 2 in a way that also contributes to reducing inequalities (SDG10) and deliver co-benefits across the 2030 Agenda? <u>Panelists:</u> 1. Abhijit Banerjee, Nobel Prize, founder of J-Pal and Professor, MIT

	2. Axel van Trotsenburg, Senior Managing Director, World Bank 3. Álvaro Lario, President, International Fund for Agricultural Development 4. Mr. Charles Ehrhart, Director of Strategy and Impact, Green Climate Fund
2 mins	Final call to action: Global Alliance against Hunger and Poverty • Ms. Tatiana Rosito, Deputy Finance Minister, Brazil

Integrated policy and financing solutions to support country level action

Addressing global hunger and poverty requires urgent and coordinated action. A holistic approach – going beyond merely increasing food production- is essential. Policies must guarantee the progressive realization of the right to food and to social protection.

The right to adequate food is a fundamental human right. Realizing this right requires states to respect, protect, and fulfill access to adequate, safe, and nutritious food for all people, particularly the most vulnerable. It also calls for accountable governance and participatory food systems, where communities – especially smallholder farmers, women, and indigenous peoples– have agency in shaping food-related policies.

One key pillar is creating inclusive and sustainable agrifood systems, integrating smallholder family farmers and rural workers, guaranteeing adequate storage infrastructure and ensuring access to adequate food and nutrition for all. Transforming food systems can also yield significant co-benefits for nutrition, health, the environment, and economic development. For example, the widespread adoption of healthier could reduce health-related costs by up to 97% and lower the social costs of greenhouse gas emissions by 41-74% by 2030. Resilient, inclusive, and sustainable agrifood systems promote progress toward Sustainable Development Goals (SDGs) 1 (No Poverty) and 2 (Zero Hunger) while generating broader benefits for women and girls, who are disproportionately affected by poverty and food insecurity.

Another key pillar are social protection systems, in particular non-contributory social programmes focused on the poorest and most vulnerable. Many such systems and programs are among the simplest and most efficient interventions available to fight

both hunger and poverty, with strong evidence of their ability to reduce food insecurity and poverty simultaneously, while promoting economic growth via a multiplier effect on local economies. Gender and nutrition-sensitive social protection programmes, focusing on marginalized groups like indigenous communities, refugees, people with disabilities, and children, should be central to these efforts.

The Global Alliance against Hunger and Poverty aims to accelerate precisely this kind of integrated approach to end hunger and poverty, while reducing inequalities. The initiative promotes country-owned and country-led integrated approaches, reinforced political commitment, and coordinated financing efforts around a reference policy basket of evidence-based country-owned programs and policy instruments encompassing all of the above aspects.

For the Alliance to be successful, however, mobilizing existing and additional financing at scale will be critical, requiring enhanced collaboration among international organizations, national governments, parliaments, financing institutions and other stakeholders.

An integrated approach to program implementation and financing is essential, including domestic resources, social protection systems, local private investments, responsible foreign investments, trade instruments, science, technology and innovation cooperation, as well as climate and environmental funding.

On one hand, the Global Alliance is already working to bring scaled and comprehensive support to country-level policy implementation, with the very first implementation plans, including meaningful new partnerships, are being prepared as part of a Fast Track process and can be put forward to showcase early concrete results of the Alliance role as a facilitator, mediator, or intermediary, helping to plan, establish, or strengthen partnerships to achieve the scale needed to support policy implementation at the national level.

On the other hand, additional structural actions must be undertaken to enable more agile implementation of policies and programs at the national level, including: a) the mobilization of private and blended finance; b) the use of debt swaps and Special Drawing Rights (SDRs) to fight hunger and poverty, and the exploration of novel mechanisms, such as virtual funds, or pooling facilities, which can help to de-fragment the space to the benefit of supporting large-scale programs and policies against hunger and poverty.

In this context, Integrated National Financing Frameworks (INFFs) can play a crucial role in fostering synergies and ensuring cohesive responses of all financing needs

for SDGs at the national level, in coordination with other instruments from the supply side, like country platforms. At the same time, national program-level coordination and support mechanisms such as the Global Alliance targeting SDG 1 and SDG 2 can more quickly muster synergistic financing and knowledge exchange and support for the implementation of urgent, evidence-based, transformative policies such as cash transfers, economic inclusion programs, smallholder support, school meals and child and maternity support programs.

The FfD4 process has reaffirmed that poverty remains the greatest global challenge and its eradication is prerequisite for sustainable development. Fragmented action is increasing transaction costs and undermining effectiveness. A renewed focus on poverty and hunger is necessary—anchored in a stronger alignment of policies and financing.

The ultimate aim is to enable successful public policies and programs at scale, boosting investment across food systems and reinforcing social protection. By leveraging collective efforts, the international community can address the structural causes of hunger and extreme poverty and make progress towards sustainable development.

BACKGROUND — Gloomy prospects for hunger and poverty and the imperative to invest in people

The world is struggling to reverse the rising trends of hunger and food insecurity and to regain momentum in reducing poverty. According to the 2024 State of Food Insecurity Report, as of 2023, around 733 million people—9.1% of the global population—faced hunger, up from 7.7% in 2015. In addition, 2.33 billion people—29% of the global population—were experiencing moderate or severe food insecurity, a significant increase from 21.5% in 2015. The cost of a healthy diet has risen worldwide since 2017. In 2022, over 2.8 billion people worldwide could not afford a healthy diet.

Regionally, Africa continues to have the highest proportion of people affected by both hunger and food insecurity, while Asia is home to the largest absolute number of undernourished and food-insecure individuals and Latin America and the Caribbean is the region with the highest cost of a healthy diet.

According to the latest data made available by the World Bank on June 6, today, an estimated 808 million people—9.9% of the global population—were living in extreme poverty. While this marks a significant decline from 43.6% in 1990, progress has recently stalled. In low-income countries, poverty rates have yet to recover from the

increase observed during the COVID-19 pandemic, rising from 48.9% in 2019 to 50.2% in 2024. This stagnation is driven by a combination of slower economic growth, the lingering impacts of the pandemic, high inflation, and rising levels of conflict and fragility.

Sub-Saharan Africa remains disproportionately affected, accounting for 73% of the world's extremely poor. Fragile and conflict-affected countries account for 52% of them. Notably, about 82% of people living in extreme poverty reside in countries eligible for support from the International Development Association (IDA)—a critical consideration for the Financing for Development Conference.

The 2024 Global Multidimensional Poverty Index (MPI) 2024 shows that 1.1 billion people – or 17.5% of the global population are affected by multidimensional poverty, facing deprivations in health, education, and living standards. Over half of the multidimensional poor are children (584 million or 28% of the children in the world), 83.7% live in rural areas, 83.2% live in Sub-Saharan Africa (553 million) and South Asia (402 million), and about two-thirds living in middle-income countries. Reversing these setbacks requires urgent investment and effective, coordinated action.

According to the SDG Report 2024, none of the SDG 1 targets was on track, and just one of the SDG 2 targets was on track, namely the elimination of agricultural export subsidies. The lack of improvement in food security and the uneven progress in the economic access to healthy diets cast a shadow over the possibilities of achieving Zero Hunger in the world by 2030. In fact, 2024 SOFI report projections suggest that 6.8% (582 million) will face hunger in 2030, slightly below the 2015 baseline of 7.7% (570.2 million). Equally gloomy, the latest projection from the World Bank show that, by 2030, still 8.9% of the global population will be living in extreme poverty around three times the World Bank global goal of 3%, far away from ending extreme poverty in all countries by 2030. In fact, between 2025 and 2030, only 51.3 million people are projected to escape extreme poverty.

The 2024 World Social Protection Report shows that social protection coverage (SDG target 1.3) despite reaching more than half of the global population for the first time, has grown unevenly between 2015 and 2023. While it increased by 14.7 percentage points in upper-middle-income countries, it only grew by 2 percentage points in low-income countries, reaching just 9.7 per cent of their total population. The situation is even worse for vulnerable persons covered by social assistance,

since coverage in low-income countries grew by just 0.7 percentage points, from 6.1 per cent to 6.8 per cent.

While recognizing these setbacks in achieving SDGs 1 and 2, the Inception Document of the Global Alliance against Hunger and Poverty, endorsed by the G20 and invited countries in July 2024, recognized that “hunger and malnutrition are perverse manifestations of structural and multidimensional poverty and inequality” and that “the allocation of national and international resources to fight this challenge, including through social protection, is a critical imperative to protect those populations and an investment that can contribute to strong, sustainable, balanced and inclusive growth, generating spillovers and broader positive economic impacts.”

Concerned by the “increasing gaps towards financing the achievement of the SDGs, including for SDGs 1 and 2, and the need to address challenges to fully deliver on the framework and commitments of the 2015 Addis Ababa Action Agenda”, the document stated that G20 and invited countries “look forward to the Fourth International Conference on Financing for Development (FfD) to take place in 2025 in Spain as a critical opportunity to identify priority actions to help close the resource gap needed to end poverty and hunger by 2030.”

Guided by the mandate of the G20's Global Alliance Inception Document, Brazil and Spain, as Co-chairs of the Alliance's Board of Champions, have proposed this FfD4 event. It is critical to ensure that countries have access to domestic and international resources to implement nationally-owned programs that have proven their effectiveness in fighting hunger and poverty.

OBJECTIVES

- ⌚ Highlight the importance of integrated approaches and financial innovations to advancing SDG 1 and SDG 2, mobilizing and de-fragmenting resources to support public policy implementation, financing frameworks and innovative financing mechanisms such as debt swaps, virtual funds, pooling facilities and SDR-channeling to MDBs.
- ⌚ Showcase early examples of implementation planning of large-scale national programs facilitated by the Global Alliance Against Hunger and Poverty as a new approach to deliver better coordinated provision of international development cooperation.
- ⌚ Showcase the SDR-denominated hybrid capital solution developed by the AfDB and the IDB explore countries' interest in implementing this instrument to potentially support the Global Alliance;

- ⌚ Raise awareness of the need — and the opportunity — to scale up integrated financing and to collaborate on developing financial solutions for SDGs 1 and 2, delivering co-benefits across the entire 2030 Agenda.