



Enabling public and private investments to promote

# Local Food Systems

# Challenges

Achieving food and nutrition security is a significant challenge for the developing world and critical to alleviating poverty. The implications are broad and transversal: **food security directly impacts on people's health and education, their ability to work and to generate income as well as to assert citizens' rights and achieve equality.** In developing countries, women and girls appear as the most vulnerable to the impact of food insecurity as they have less access and control over resources than men.

Regional disparities in food and nutrition security remain strong and progress has been modest in some parts of the world, in particular in Sub-Saharan Africa. Conflict, natural disasters but also market imperfections continue to pose significant challenges towards eradicating hunger. Recent events such as the floods in Mozambique and Malawi, the Ebola crisis in West Africa and conflicts in South Sudan, Mali and Central African Republic have highlighted the precarious state of food security and once again called attention to **the need for sustainable solutions to food security** that go beyond humanitarian interventions and top-down approaches.

The main challenges in many Least Developed Countries (LDCs) is **the lack of capacities of local governments**

**to integrate food security concerns into planning and budgeting cycles** and the absence of inter-governmental transfer systems that would allow local authorities to make investments to improve food security at the local level. In order to tackle food security effectively, significant support is needed - technical and financial - to make the necessary investments at the local level.

Addressing food security requires a stronger involvement of local actors, including local governments (LGs), producers, farming organisations and rural households. The local level is of particular relevance in LDCs where climate zones can vary drastically within a country, production opportunities and systems are numerous, and transport links and general infrastructure are weak.

With the aim of addressing both the challenges posed by the limited yet powerful opportunities offered by the economic, social, cultural and geographic specificities of a given territory and the need to unlock and render more effective the existing financial resources, **the Finance for Food (F4F) Programme will act as a laboratory for testing new approaches to food security rooted in the local context.**





# A global initiative

UNCDF uses local development finance tools and instruments, developed over decades of experience in working with local authorities in LDCs, **to unlock domestic capital - public and private - for local economic development.** These instruments help mobilise and leverage resources for investments in infrastructure, basic services delivery and entrepreneurship, with an emphasis on the transformative impact as a measure for success.

In collaboration with both local authorities and stakeholders, the **F4F global programme promotes locally born pipelines of investable projects and public investments with an impact on the Local Food System (LFS).** The programme is conceived to provide solutions for local Food and Nutrition Security in Africa and Asia by encouraging increased gender-sensitive public, public-private and community investments to fill missing links in the LFS.

By developing adequate frameworks and tools to assess the performance, opportunities and limitations of the LFS, F4F supports the design of better adapted policies and support programmes, **enabling local authorities to play a strategic role in food and nutrition security.**

F4F is conceived to support the LFS in remote areas, where individuals and communities face most constraints in terms of food insecurity.

F4F addresses their lack of access to basic services, to public and private finance, to markets and skills. It works to break national and local barriers in order to spur productive, equitable growth, and to provide a sustainable means of increasing food production and strengthen the food system.

The combination of investment in the productive sector, innovative investment in public infrastructure and strengthened local financial management releases the latent potential of the local economy and stimulates responsive public service delivery, private sector development, and local business growth to solve the food security issue.

The overall objective is **to promote food security and local economic development that retains value within the local space,** thus promoting transformative and sustainable economic growth in the LDCs.

# F4F Approach

In contrast to traditional approaches, which focus primarily on the symptoms rather than the underlying causes of hunger and food insecurity, the F4F programme seeks to seize opportunities and promote innovation in identifying and scaling up appropriate solutions to food and nutrition security.

A LFS approach, as advocated by the F4F Global Programme, is based on the greater stake local actors can have over food and nutrition security, if the food system on which they depend is anchored locally. It considers all the elements of the local system in which foods are grown, produced, processed, distributed and consumed, within a determined territory. It is a holistic approach that not only recognises the broad range of stakeholders and the complexity of the food system, it also emphasizes the importance of factors of proximity for ensuring a more sustainable approach to eradicating hunger and improving nutrition.

This territorial approach may constitute the key to improve the resilience of communities and households to food risks through strategic investments. It is grounded in the increased sustainability of interventions that are rooted at the local level and carried out by local institutions and actors. UNCDF believes that local governments are ideally placed to act in the framework of adapted national policies, while representing the interests of local population, and facilitating dialogue and social construction.

Working through and with local authorities and other stakeholders such as farmers' organizations, civil society and local private sector, the Programme promotes the formulation of pipelines of investable projects and public investments that meet the specific needs of a locality.

## 4 Complementary components to build strong synergies

1

Support better adapted policies and programmes, enabling LGs to play a strategic role.

2

Support LGs and stakeholders to incorporate coherent interventions within their local development and investment plans and identify catalytic investments with multiplier effects in the LFS.

3

Provide strategic financing (grants, loans, guarantees, equity, and/or quasi-equity), as well as advisory services & capacity building support.

4

Capture lessons learned and emphasize knowledge management. Works to deepen the impact of UNCDF's most successful interventions.



## 3 implementation phases

- Inception
- Roll-out & consolidation
- Phase-out or restructuring

# Investments tools

**Complementary and innovative funding mechanisms are necessary** to unleash the development potential of LFS. Investment, both public and private, in boosting the food production sector is seen as the cornerstone of FNS strategies; this is based on the universal recognition of direct relationships between agricultural productivity, hunger, poverty, and resilience.

F4F targets the adaptation of existing funding mechanism, and the development of innovative tools to fill the gaps in the funding system, in order to support the multi-stakeholder approach to LFS development. **By targeting missing links in the LFS, investments can have multiplier effects** in different ways: they can stimulate local food value chains, increase revenues for local communities and help create a virtuous cycle at local level, connecting farmers to markets and improving food availability and accessibility.

UNCDF's role can be crucial in providing the necessary analytical tools and advisory services to identify catalytic investments. Using a flexible toolkit of instruments, F4F tailors its interventions to specific situations and conditions, thereby maximizing its impact.

UNCDF's Local Development Finance Programmes (LDFP) are **designed to unlock, leverage, and increase capital flows to local institutions**, while working with Local Governments to mobilize, allocate, invest and account for investment flows.

« **Practical answers regarding planning & monitoring investments tools** »

« **A blended finance mechanism coordinated and facilitated through Local Government to increase resilience and sustainability of food security interventions** »

## Tried-and-tested financial instruments

- **Local Development Fund (LDF)**

Adapted to most public infrastructure investment: the common channel for funding needs to support LFS development.

- **Local Finance Initiative (LFI)**

Designed to unlock domestic financial sectors and mobilize private sector capital for bankable projects, operating in the realm of public-private partnerships (PPP).

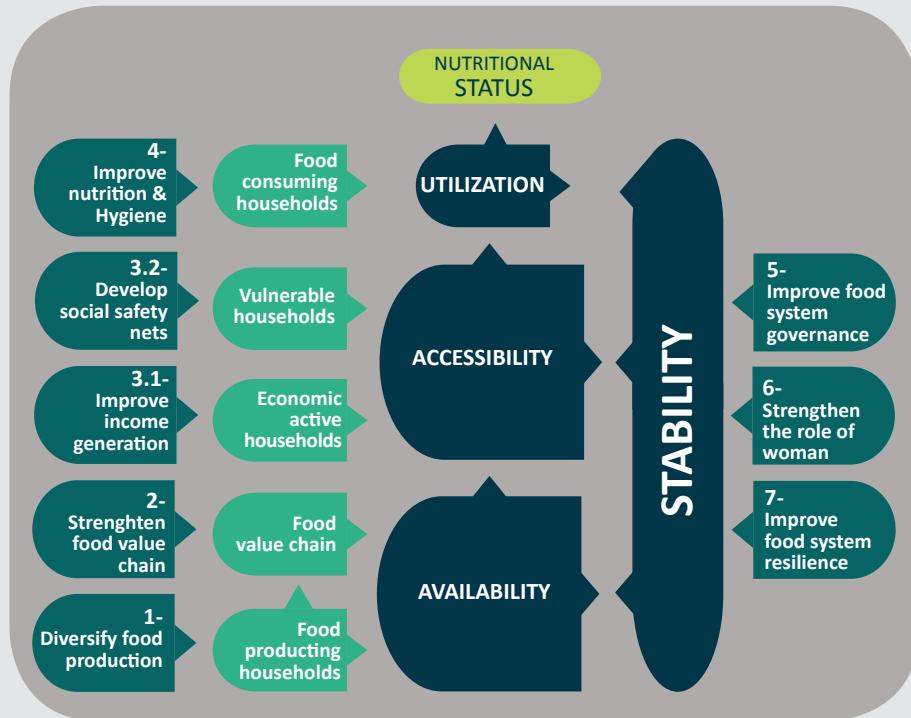
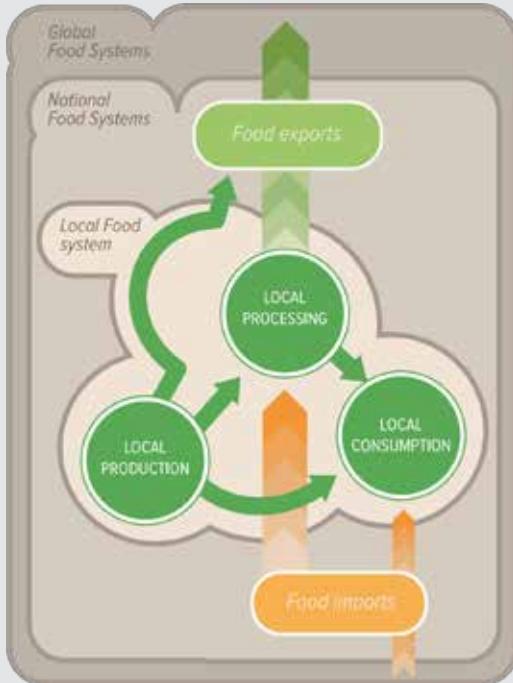
## Rigorous monitoring and evaluation

UNCDF conducts an in-depth and contextual analysis of the chosen projects in order to determine whether the intended development outcomes are beneficial to and sustainable for the local communities from an economic, social and environmental point of view.

The monitoring and evaluation of the projects is based on the intervention logic which provides the necessary context for decision-making and defines a hierarchy of objectives through which the progress towards and the achievement of the results can be measured. This approach allows the F4F programme to fine-tune its support and sustain the pillars of food and nutrition security.

# Intervention logic

## 7 Pathways to addressing the key pillars of food security



### 4 PILLARS OF FOOD SECURITY

Food supplies must be sufficiently adequate to feed the population. Food availability thus covers food production (domestic production or imports), productivity, processing and marketing, and post-harvest management.

Stability of the food supply, without fluctuations or shortages from season to season or from year to year. Food stability thus relates to a series of factors such as seed and food stocks, disaster mitigation and management.

People must have physical, social and economic access to sufficient food. Where appropriate, access includes food safety nets for vulnerable groups in combination with income generating activities.

Food must be safe, culturally accepted and nutritious. All people must have the ability to utilize biologically sufficient nutrients to live an active and healthy life. The nutritional dimension is integral to the concept of Food and Nutrition Security.

AVAILABILITY

STABILITY

ACCESSIBILITY

UTILIZATION

# Where we operate

Over the past years, UNCDF has implemented several local development projects with food security components, particularly those jointly implemented with the **Belgian Fund for Food Security (BFFS)**.



## BENIN

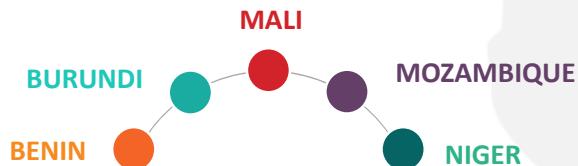
Although the Borgou region in Benin is agriculturally productive, food security indicators are weak. The current UNCDF *Projet d'Appui à la Décentralisation, à la Déconcentration et au Développement économique local au Bénin* (PA3D) aims to strengthen local capacities to support local economic development and improve the food security of the population, particularly women and the most vulnerable. Complementary objective include reinforcing the decentralization process and improving the overall living conditions of the population. The programme is jointly supported by UNCDF (\$2m), UNDP (\$1.5m), the Belgian Fund for Food Security, BFFS (\$4.9m), and the Government of Benin (\$1.3m).

## MALI

The P2N programme is working to improve local authorities' capacity to mainstream food security concerns into the local planning and budgeting process. A total of 10 local authorities have integrated food security and nutrition elements into their local development plans in 2014 and a further 15 have created local commissions in charge of food security and nutrition issues. More than \$1.7 million have been invested in local infrastructure to strengthen resilience to food shocks and to promote basic services delivery in the Nara and Niore Regions.

## NIGER

UNCDF has been supporting the formulation of a food security strategy, covering the whole Mayahi Department through the **Projet d'Appui au Développement Économique Local (PADEL)**. Several infrastructural developments, such as the cereals banks and markets are vital in ensuring stronger local resilience to food shocks. Niger has also put in place a national mechanism for food crisis prevention, which is present at the regional, departmental and communal levels through observatories and early warning mechanisms.





UNCDF is the UN's capital investment agency for the world's 48 least developed countries (LDCs). With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. This last mile is where available resources for development are scarcest; where market failures are most pronounced; and where benefits from national growth tend to leave people excluded.

UNCDF's financing models work through two channels: savings-led **financial inclusion** that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how **localized investments** - through fiscal decentralization, innovative municipal finance, and structured project finance - can drive public and private funding that underpins local economic expansion and sustainable development. UNCDF financing models are applied in thematic areas where addressing barriers to finance at the local level can have a transformational effect for poor and excluded people and communities.

By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty with a focus on reaching the last mile and addressing exclusion and inequalities of access. At the same time, UNCDF deploys its capital finance mandate in line with SDG 17 on the means of implementation, to unlock public and private finance for the poor at the local level. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile, UNCDF contributes to a number of different SDGs and currently to 28 of 169 targets.

## CONTACT US

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