



3.1 A Just Transition to Sustainable Agriculture through Policy Reform and Public Support – Meeting the triple challenge of food and nutrition security, climate and biodiversity

1. Background information

Providing nutritious, affordable food for a growing global population while protecting the vital natural systems that sustain life is one of the critical challenges of the coming decade. In recent decades, agricultural policies, subsidies and price supports have largely been directed at increasing yields and expanding production, particularly of staple crops. By some measures this was successful – while the global population doubled, food production almost quadrupled. However, the impact of climate shocks and nature loss is increasingly threatening food production and while food has become more affordable for many consumers, hunger is once again on the rise.

According to the Food and Agriculture Organization, in 2019 nearly 690 million people were chronically food insecure and 2 billion people did not have regular access to safe, nutritious and sufficient food. The UN predicts that COVID19 could result in an additional 265 million people suffering from acute hunger. In addition to these direct and very visible costs, there are also substantial and growing hidden costs due to the unintended consequences of current agricultural policies and public support on natural ecosystems, climate change and public health.

Agricultural subsidies, price supports and policies can provide incentives to strengthen food and nutrition security and to address climate and nature emergencies. Unfortunately, for the most part, current public support to the sector does not provide positive incentives for these broader outcomes. Those systems focussed on increasing yield alone using high input models can make meeting broader climate, environment and sustainable development objectives more challenging. It is vital that changes.

According to the Organization for Economic Co-operation and Development (OECD), between 2017 and 2019, the 54 countries that produce two-thirds of the world's food provided on average US\$619 billion per year in net transfers to the agricultural sectors through direct subsidies, price supports and other policy measures. Of that total, more than 70 percent is direct subsidies for producers and production; only 17 percent is directed to public services like research, environment or food safety. Other countries, many in the developing world, often underinvest or even tax their agricultural sectors, which also drives inefficient and harmful outcomes.

The food and agriculture sector has strong potential to play a positive role in mitigating climate change, reducing environmental degradation and improving nutrition. There is, therefore, a huge opportunity to repurpose and redesign current support to the sector to incentivise and empower food producers as positive agents of change. For countries underinvesting in their agricultural sectors, there are opportunities to mobilise and target public support towards better outcomes.

A number of governments have started to design and implement agricultural policy reform to better direct public support towards improved soil and water quality, climate mitigation, and biodiversity protection. Many more governments are interested to learn more, but need technical support to scope options, design and implement new approaches, such as payment for ecosystem services, payment for soil carbon, conservation reserves, etc. Inclusive and integrated approaches are more likely to be successful and elicit



political buy-in, therefore inclusive consultation processes play a key role. As part of the COP26 Nature Campaign focus on *Sustainable Agriculture and Just Rural Transition*, the UK Government, in partnership with the World Bank, plans to invite governments to participate in policy dialogues in 2021 to share experience, identify opportunities and build support to move forward on repurposing policies and public support. Consultations with international organizations, food producers, SMEs, investors, civil society and other stakeholders are also planned. An *integrated* COP26 and Food Systems Summit game-changer initiative provides a significant opportunity to build momentum in 2021 and beyond.

2. Summary of each proposed solution

2.1 What, in brief, is the solution?

This game changing initiative aims to develop a shared narrative and to build momentum around efforts to ensure public support – including a significant proportion of over \$600bn per annum identified by the OECD – incentivises a just transition to sustainable agriculture, addressing food and nutrition security as well the climate and nature emergencies.

Through this work we will develop a shared vision and narrative at global and national levels and provide opportunities to showcase local community and farmer-driven solutions. We will make the case for change to address the opportunities and trade-offs, highlight existing evidence, case studies, best practice and key stakeholder perspectives. Working with interested countries, and in partnership with the COP26 Presidency, multilateral institutions (e.g., World Bank, OECD, FAO, UNEP) and the World Farmers Organisation, we will create a platform for policy dialogue and peer-to-peer learning, providing participants with access to existing knowledge and evidence as well as consultations with key stakeholders.

We will also leverage these efforts to mobilise resources (technical, financial and institutional) to support governments to identify opportunities and politically feasible options for repurposing their agricultural policies and support to help countries meet their Paris and Sustainable Development Goals; and to enable food producers, local communities, civil society and other stakeholders to contribute meaningfully to the reform process. This includes increasing investment in research, analysis and modelling to understand the role of positive incentives in different regional, national and local contexts.

Past efforts to reform public support for agriculture have been hampered by siloed approaches, lack of consensus, political will, and evidence-based understanding regarding the costs of current approaches and opportunities for reform. As the evidence grows and food producers gain experience in adapting and responding to the growing risks from unsustainable production and climate impacts, there is a huge opportunity to build consensus and shared vision through inclusive, integrated policy reform and repurposed public support and investments to accelerate action for sustainable development.

This game-changing solution acknowledges and addresses these issues and aims to mobilise the political will and financial/institutional resources to support a long-term transformative process beyond the Food Systems Summit. Based on the results of well-informed dialogues, national and regional adaptive approaches will be implemented, new ways of designing agri-food policies will be tested and shared and progress will be communicated annually. A time-bound plan will be developed through to 2025 and



linkages to key institutions and processes, including UNFCCC's nationally-determined contributions, the post-2020 Global Biodiversity Framework and the Leaders' Pledge for Nature.

2.2 What was/were the source(s) from which this solution emerged?

The Just Rural Transition initiative launched at the U.N. Climate Action Summit in September 2019 with support from the UK Government and its co-leadership of the Resilience Action Track. A number of governments (and many other stakeholders) endorsed the JRT's Vision Statement and signalled their interest in the JRT's Policy Action Coalition, focused on supporting governments move forward with repurposing agricultural policies and public support. The UK COP26 Presidency is building on this initiative as part of its Nature Campaign's focus on *Sustainable Agriculture and the Just Rural Transition*. The World Bank, the OECD, FAO, UN Environment, IFPRI, the CGIAR, inter alia are all developing research and programmes that, collectively, have potential to significantly scale support to governments to move forward. For instance, a joint UNEP-UNDP-FAO report on the *Impacts of Agricultural Support and Opportunities for Sustainable Food Systems Transitions* is being prepared, which is expected to be launched in Q2/Q3 2021. The first phase report on "*Modeling the Impacts of Agricultural Support Policies on Emissions from Agriculture*" has been published.¹ The final report is expected to be launched in May 2021. Working with these and other organizations, the Just Rural Transition in collaboration with its knowledge partners will be developing policy briefs and case studies designed to support governments make evidence and science-based policy decisions.

The campaign around the report will add to various communications initiatives and efforts in the lead up to the Food Systems Summit, and will specifically target policy makers, the agricultural and food sectors and the climate-action-supporting public.

Governments, for their part, are taking a lead in policy reform. At the 2021 Global Forum for Food and Agriculture, ministers of agriculture representing 76 countries indicated their commitment "to reform domestic policies on agriculture, to promote and steer investment towards sustainable agricultural practices that support climate-change adaptation and mitigation."

2.3 What problem is it trying to address within food systems?

According to the World Bank analysis, only 5% of current direct public support for agriculture explicitly targets conservation and other public goods and only 6% supports research, extension and technical assistance. In many countries, the public support being provided by governments to the agricultural sector through subsidies, pricing and other fiscal measures has unintended consequences and is not aligned with a country's food and nutrition security, climate and biodiversity goals. Better targeting of incentives provided through public support can help meet current challenges and future-proof food systems, recognising and empowering food producers to be positive agents of change.

2.4 Why is addressing that problem important for achieving the goal of your ACAI?

¹ <https://openknowledge.worldbank.org/handle/10986/34453>



- A summary statement from the Sept Ministerial Dialogue including shared conclusions, participant commitments/statements, mobilization of resources and institutional support;
- Further mobilisation of development assistance ahead of COP26 to support Global South governments, food producers and local communities take forward policy reform;
- Analysis and assessment of existing approaches to derive successful mechanisms and identify obstacles to change.

A longer-term work programme could include

- Pilots and implementation at national and regional level;
- Integration into NDC revision process;
- Monitoring and evaluation (also in relation to new Kunming targets);
- Annual policy dialogues and communication of progress.

Outcomes

- 10-15 governments from different regions actively participating in policy dialogue with an outcome statement that reflects shared vision and incorporates participating countries' commitments as well those of other stakeholders (e.g., World Bank, OECD, FAO, WFO);
- A significant percentage of existing public support is better directed to public goods;
- Increased, targeted and better aligned resources from donors, multilateral development banks, research and implementation partners to support countries move forward with inclusive, integrated reform processes;
- Modalities in place to drive progress beyond the UN FSS involving key institutions, processes and key stakeholders (governments, farmer organisations, civil society, etc.).

Impacts

- Food and agricultural policies are playing a positive and supportive role in delivering food systems that achieve societal goals;
- Food systems are supporting food and nutrition security, climate and biodiversity goals;
- Food producers benefit from support for climate mitigation and other ecosystem services;
- Food producers' risks are mitigated and their incomes are more resilient because of a new paradigm of support that relies less on production levels and yields and more on their contribution to ecosystem services;
- Food producers feel they are part of the solution, rather than part of the problem.

Risks

- Reform of public support for agriculture is highly context specific, will be challenging to identify and address complex political economy issues through a global effort;
- Negative reaction and protests from farmers, ranchers and other food producers who fear repurposing agricultural policies and public support will negatively impact their livelihood;



- Potential impact of fake news and manipulation of data which thwarts efforts to design evidence-based policy responses;
- On-going Covid-19 pandemic and economic/social impact limits political bandwidth and fiscal resources available for political reform and increased public support for agriculture;
- Repurposing agenda not sufficiently linked to other relevant Action Tracks and initiatives, dilutes message and impact.

2.6 Why does this solution align to the definition and criteria for a ‘game changing solution’ developed by the Summit?

Impact-at-Scale Potential: From 2017-2019 net public support to agriculture exceeded US\$600B annually, though only a fraction is aligned with climate, biodiversity and food/nutrition security goals.

Actionability: The UK COP26 Presidency, the World Bank, the World Farmers Organization, OECD, FAO, WWF, UN Environment and the Just Rural Transition initiative are already mobilised and coordinating support to take forward this work and draw in others.

Sustainability: Longer-term support structures will be scoped and developed as part of this initiative.

Anticipate and prevent future obstacles and barriers: Policy reforms will help realise ‘OneHealth’ for farming systems, such that the risk of zoonotic spillovers arising from agricultural extensification are greatly decreased.

Gender Equality and Women’s Empowerment: Consultations will prioritise the participation and input of women, and evidence-related outputs will place a special focus on policy reforms that build economic opportunity for women.

2.7 What is the existing evidence supporting the argument that this solution will work, or at least that it will achieve the initial outcomes described above?

In the mid-1980s, **New Zealand** eliminated agricultural subsidies, which helped diversify the country’s exports, decreased erosion, and increased water quality. **Costa Rica** has advanced payment for ecosystem services systems, and reinvesting \$500 million in gasoline taxes for forest protection and restoration. In 2017, **China** eliminated production subsidies for fertilizer that result in excessive nitrogen runoff and GHG emissions. The **UK** is moving forward with a new public support system aligned with delivery of public goods. Other countries have followed suit.

2.8 What is the current and/or likely political support for this idea?

A wide range of country governments and institutions have endorsed the Just Rural Transition and its emphasis on policy action and repurposing public support. Countries include Colombia, Ethiopia, Netherlands, Ghana, Switzerland, Togo, UK, and Zambia, as well as Nigeria’s Edo State government. The World Bank has had strong interest for its new technical assistance programme, with ongoing engagement and upstream technical support in 10 countries (Vietnam, Mongolia, China, Indonesia, India, Uzbekistan, Morocco, Ethiopia, Malawi, Zimbabwe, and Argentina) and plans to scale up in another 10 countries in



the coming year. The FAO through its Monitoring and Analyzing Food and Agricultural Policies Programme (MAFAP) has, since 2011, worked with 12 sub-Saharan African governments, triggering 21 policy reforms. There is a strong interest from the AT3 supportive member states on this topic.

2.9 Are there certain contexts for which this solution is particularly well suited, or, conversely, contexts for which it is not well-suited at all?

All countries can benefit from better targeting of public support to enable a just transition to sustainable agriculture, but the solution mix will vary by country context. The US\$600bn per annum of current public support is mainly from the OECD countries and 10 emerging economies. Some countries are currently under-investing or not prioritising the right investments in agriculture, and others, particularly in Africa, continue to tax their farmers through policies that tend to depress producer prices, even as they provide input support (often in the form of subsidies), making it difficult for farmers to adopt new technologies or invest and reorient their production patterns to become more sustainable.

These countries may want to review their policies to provide greater support for their food and agricultural sectors, while exploring how to deploy public finance effectively and policy reform (including that which mobilises private investment and public-private partnerships) to incentivise farmers in sustainable ways. In many parts of the Global South input subsidies (such as for fertilisers) are the principal form of public support. These subsidies can have strong adverse effects on water and soil quality, without providing real, sustainable support for farm incomes. In the global North public support is predominantly through market price supports (e.g., tariffs) and production payments. The wide variety of support mechanisms necessitates an accordingly varied array of repurposing strategies, stakeholders, and technical inputs.

2.10 Who are the key stakeholders to be further involved in the process of developing and refining the solution idea?

Current working group includes: UK COP26 Presidency, World Bank, OECD, FAO, UN Environment, IFPRI, WFO, WWF International, JRT Secretariat. Key stakeholders to be consulted include governments, farmer organisations, civil society, multilateral institutions/processes including WTO. CCAFS to provide link to the innovation component of the COP26 Nature campaign (focussed on scaling demand-driven R&D)

Any other remarks or comments you would like reflected in AT3's report out on 'game changing' solutions (optional)

This game-changing solution has a direct relevance for other ATs as well as the finance lever, and alignment across these tracks is important.