Asia-Pacific Rural Development and Food Security Forum Battling Climate Change and Transforming Agri-food Systems #RDFS2022

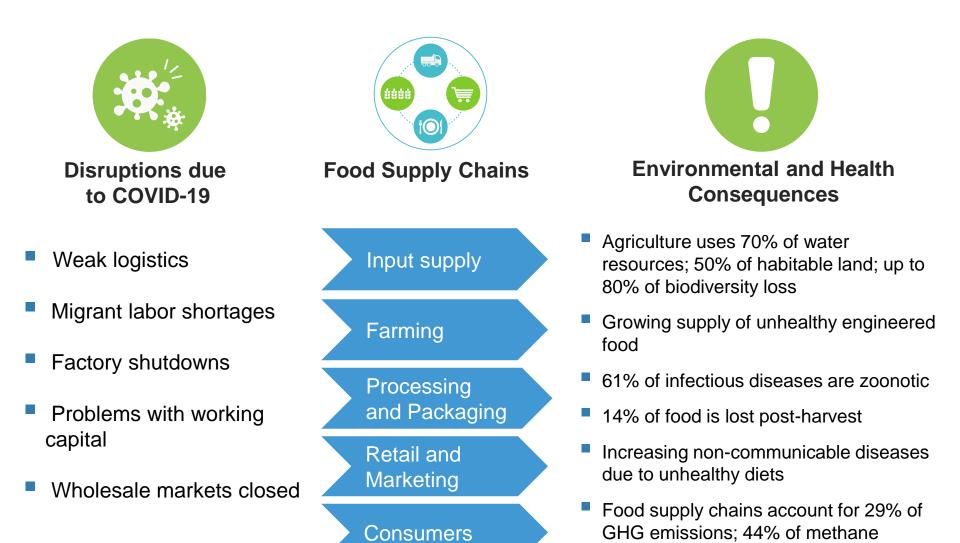


### **Roberta Casali**

Finance and Risk Management, Asian Development Bank



## **Vulnerabilities of Food Supply Chains**



ADB

## Food security becoming increasingly uncertain in DMCs

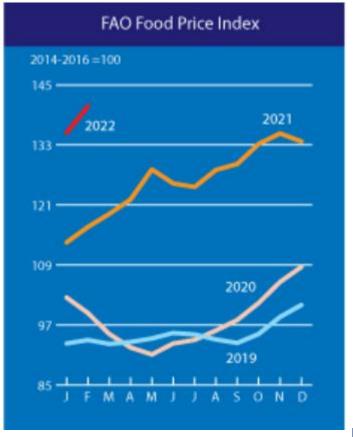
**Three Drivers of Food Insecurity:** Extreme weather and climate change, Economic Shocks and Political Crisis/ Conflict

#### DMCs with at least two drivers\*



\*WFP identifies countries with at least two food insecurity drivers at risk as cause for immediate concern

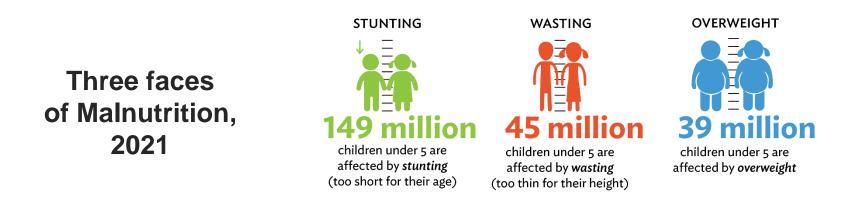
Source: WFP Assessment of Food Security (does not include PRC and Mongolia among others)



Source: FAO (release date 04/03/2022 https://www.fao.org/worldfoodsituation/foodpricesinde x/en/



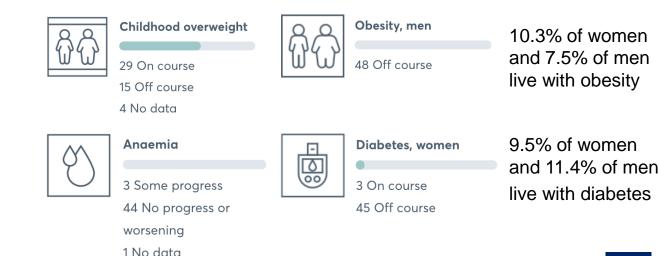
## Meeting nutrition target in Asia at Bay



Source: UNICEP, WHO, World Bank Group, Joint Child Malnutrition Estimates, 2021

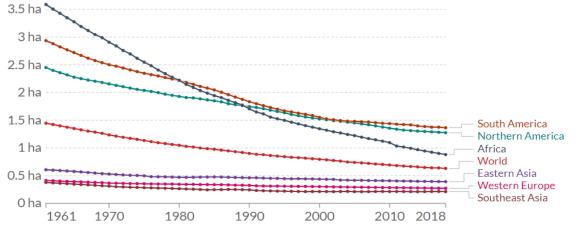


Source: Global Nutrition Report



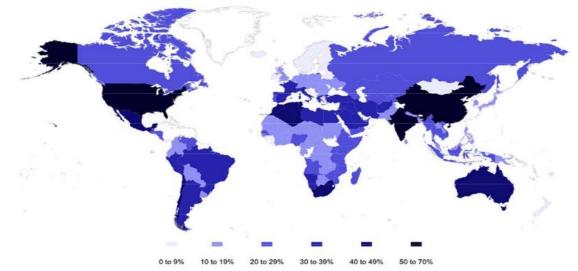


### Agriculture resources on the decline



Source: Food and Agriculture Organization of the United Nations

OurWorldInData.org/land-use • CC BY



#### Frequency of observations, listing countries as subject to high or very high future water risks

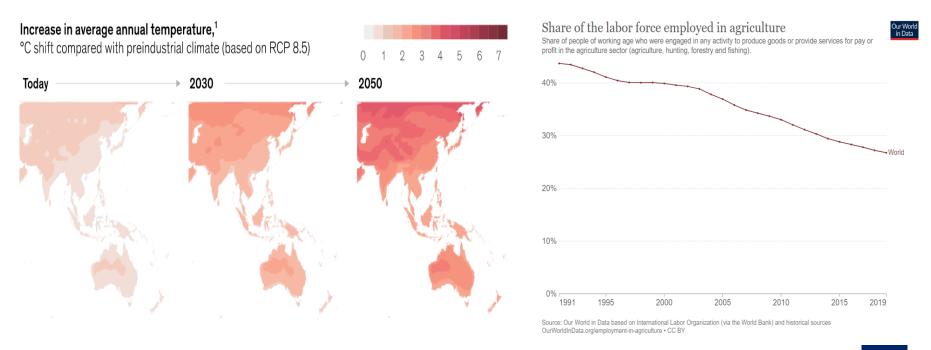




Source: Review of 64 publications, accounting for 142 countries.

## Future of agriculture in Asia faces climate change-related challenges

As the physical thresholds that severely affect agriculture production (heat, cold, rain, wind and humidity) are reached, agricultural sector in Asia would be hit the hardest.

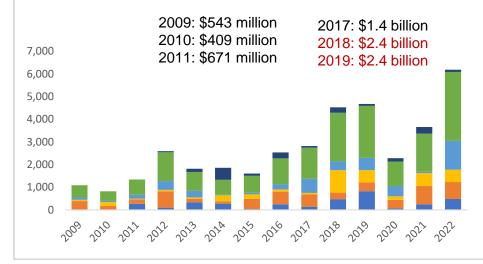


### Way Forward Accelerating Food System Transformation through Diversified Investments and Knowledge Solutions

#### More diversified investment portfolio

- Increased investments by more than 4 times in 10 years
- More investments in agricultural policy, institutional and capacity development; water-based natural resources management; agro-industry, marketing, and trade; rural market infrastructure; and rural sanitation
- Increased green finance mechanism to support
  sustainable agriculture and eco-tourism

#### 2009-2020 Agriculture, Natural Resources and Rural Development Investments and 2021 Lending Pipeline



#### **Knowledge solutions**

- Sector research and diagnostics to provide innovative, pragmatic and context-aware knowledge solutions
- Partnerships with international and national knowledge partners
- Knowledge sharing, capacity development, policy dialogues
- Biennial Rural Development and Food Security Forum



## Way Forward **Towards a novel, natural resource-conscious financing strategy**

# Three Pillars to Support Projects with significant "Natural Capital Components": Which are underpinned by, and will augment, ADB's core project financing services



Co-financing projects with ADB and other partners, secured against streams of future incremental income & ecocompensation rewards

> Innovative Natural Capital Financing Facility (INCFF)

#### **Natural Capital Lab:**

Identifying & disseminating information, knowledge and best practices and providing training for better utilization, restoration & improvement of natural capital Agribusiness Service Platform: Digitalizing supply chains to assist project sponsors to improve and upgrade value creation in their marketing, procurement and logistics efforts



ADB remains committed to collaborative works to build climate-smart agriculture across the entire agriculture and food value chains, including the blue economy.

# Thank you!

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