

# INNOVATIVE FINANCING APPROACHES AND TOOLS TO BRIDGE THE FINANCING GAP FOR ENDING HUNGER, FOOD INSECURITY AND MALNUTRITION IN LOW INCOME AFRICA COUNTRIES

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# RECOMMENDED INNOVATIVE FINANCING INSTRUMENTS FOR COUNTRIES, CONSIDERING THEIR ABILITY TO ACCESS FINANCING FLOWS FOR ENDING FOOD INSECURITY, HUNGER AND MALNUTRITION

## A. LIMITED ABILITY TO ACCESS FINANCING

CONCESSIONAL FINANCE FOR DE-RISKING PRIVATE FINANCING

- Grants
- Low- or no-interest loans
  Combined with technical assistance
  for effective de-risking

#### REALLOCATING FUNDS FOR FOOD SECURITY AND NUTRITION • Debt swaps

- Debt service reallocated towards food security and nutrition investments
- Special drawing rights reallocation Increased lending opportunities for Iow- and middle-income countries

#### INSURANCE AND GUARANTEES FOR RISK-RESILIENT FOOD SECURITY AND NUTRITION INVESTMENTS

- Parametric insurance
  Better management of agri-cultural
- *risks.* • Risk Pools
- Increased insurance affordability First loss Absorbed losses for high-risk

investments

#### B. MODERATE ABILITY TO ACCESS FINANCING

#### INCREASED FUNDING FOR PUBLIC SPENDING

- Sovereign bonds
- Linked with contingencies to decrease default risk
- Health taxes
- Increased revenues and healthier food environments

#### DE-RISKING FOOD SECURITY AND NUTRITION INVESTMENTS THROUGH BLENDED FINANCE

- Donors and development finance institutions
- Public sector and development banks
- Philanthropic foundations
  Strategic placement to further
- leverage private funding environment

### INSURANCE AND GUARANTEES FOR RISK-RESILIENT FOOD SECURITY AND NUTRITION INVESTMENTS

- Parametric insurance
- Better management of agricultural risks • Risk pools
- Increased insurance affordability • First loss
- Absorbed losses for less risky investments

#### C. HIGH ABILITY TO ACCESS FINANCING

#### SCALING UP FINANCING WITH SUSTAINABILITY CONSIDERATIONS

 Green, social, sustainability and sustainability-linked bonds Increased private financing for development objectives

#### EMBEDDING DEVELOPMENT OBJECTIVES IN INCREASED PRIVATE FINANCING

- Results-based funding
- Mobilized private financing for better development impacts
- Incubators and accelerators
- Projects financed in early stages
- Projects financeu în euriy stug
- Impact investment funds
- Public-private finance mobilization

#### INSURANCE AND GUARANTEES FOR RISK-RESILIENT FOOD SECURITY AND NUTRITION INVESTMENTS

Parametric insurance
 Better management of agricultural

- *risks* • Risk pools
- Increased insurance affordability
- First loss
- Absorbed losses to boost project bankability

THE STATE OF FOOD SECURITY AND NUTRITION IN THE WORLD- View the report at: https://doi.org/10.4060/cd1254en-supplementary