PUBLIC POLICY AND EXPENDITURE

WORLD BANK GROUP
Agriculture & Food

FOODSYSTEMS 2030

The bulk of government support to agriculture provides short-term benefits that are often at the cost of long-term outcomes for people, economies, and the planet. Globally, agriculture receives more than $700 billion a year in public support. Much of this is poorly targeted: each subsidized dollar farmers receive generates only 35 cents in additional output. Agricultural policies play a critical role in the development of resilient food supply chains. But many policies create incentives that favor unsustainable production, increasing emissions, accelerating land degradation, and discouraging a focus on nutrition.

We work with governments to review policies to accelerate the transformation of agriculture and the food system. Well-targeted and well-designed support will promote green innovation, strengthen value chains, and reduce incentive distortions. This in turn will sustainably boost productivity, improve food security and nutrition, bolster farmer incomes, and improve the resilience of agriculture.

The World Bank facilitates the sharing of evidence, knowledge, and experiences of policies that work to transform the global food system. The Bank leverages its unique convening role to build common understanding, and to strengthen policy analysis, formulation, and execution. We work with governments to facilitate the adoption of more sustainable approaches, technologies, and practices, alongside policies that promote public and private sector investment. We invest $6 billion annually in global agriculture to sustainably improve food and nutrition security, boost economic growth, and reduce poverty.

Agricultural production has tripled over the past 60 years, with significant benefits for economies and society. However, current production patterns and practices are not sustainable.

Progress on food security is now stalling. Global hunger has been on the rise since 2015, with growth in food output per capita both decelerating and becoming more volatile at the same time.

Agriculture provides jobs for

874 million people

27% of the global workforce

Between 2016 and 2018, public support for agriculture amounted to an annual average of

$713 billion

in 79 countries.

Of this total:

- **11%** poor consumers
- **5%** research & development
- **5%** evironmental outcomes

Agriculture is the biggest driver of biodiversity loss.

Between 2007 and 2016, the conversion of forests for agricultural use accounted for

11% of global emissions

Investments in innovation could reduce emissions from agriculture and land use by more than 40 percent, returning 105 million hectares of agricultural land to natural habitats, while delivering substantial gains in poverty reduction, nutrition, and economic growth.

Conscious efforts to transform food and agriculture can help to contain climate change, increase biological diversity, ensure healthier diets for all, and create new business opportunities worth about

$4.5 trillion a year by 2030

Redirecting just 10 percent of total public support for agriculture from the most distortive subsidies to green innovations could yield additional gains of

$2.4 trillion in 2040

Achieving global food and nutrition security requires an **integrated approach** that balances the needs of people, economies, and the planet.

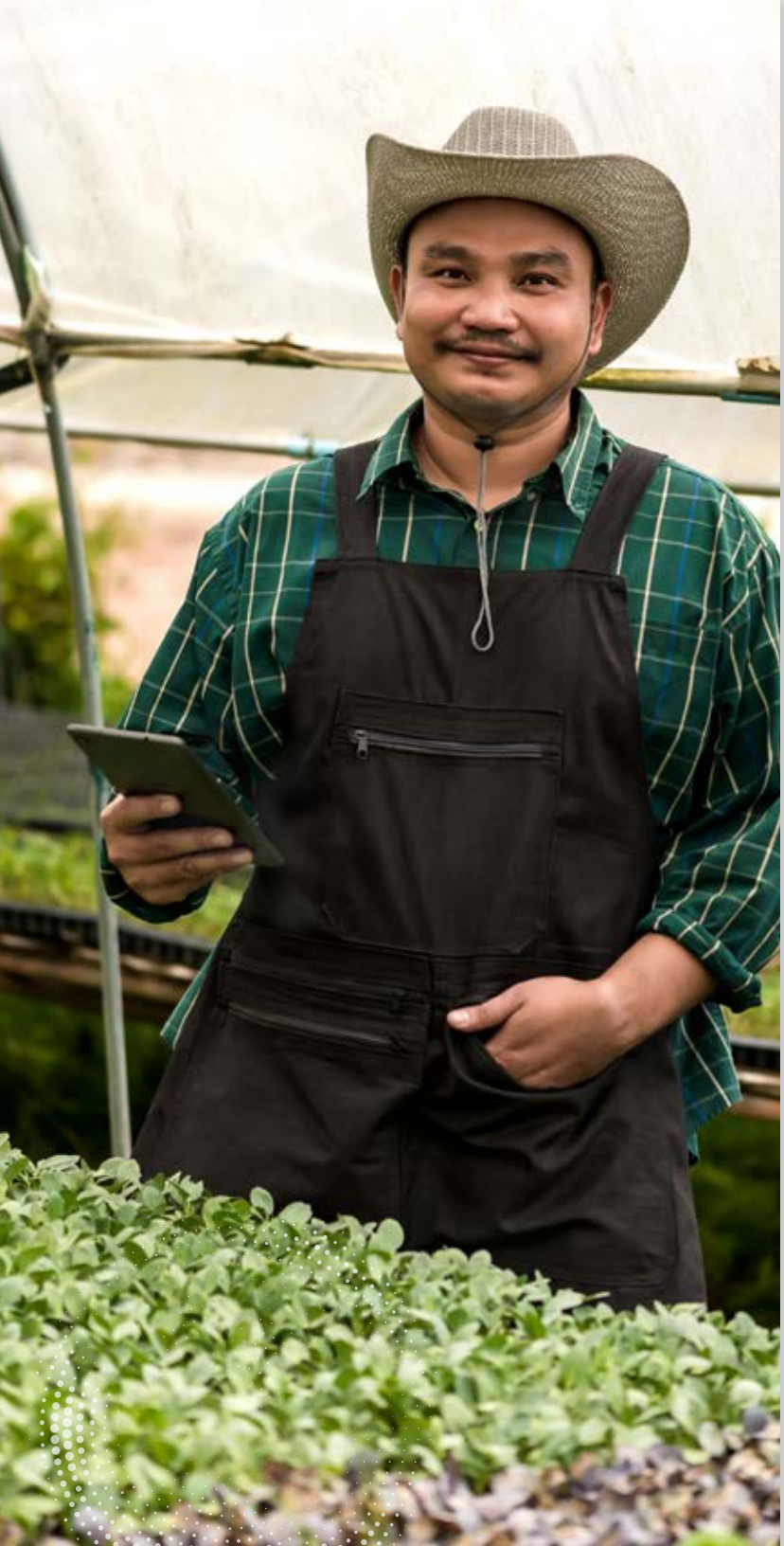
Farmers are on the frontline of shocks and stresses caused by climate change, as well as environmental degradation, and need to be at the heart of a sustainable transformation of the food system. Winning their support for repurposing public agricultural policies is critical, but this requires a better appreciation of farmers' bottom lines and their local contexts, and **inclusion of farmer voices** in policy making.

Global cooperation and coordination are essential to address the threat of climate change, while meeting nutritional and social needs.

Transforming the food system requires changing the way that governments and other public institutions support agriculture at national and regional level to encourage behavior consistent with **sustainable food production**.

Such repurposing does not mean removing current support to producers, but rather to **align policies** and deliver the support needed to most effectively reach the goals and objectives of a sustainable food system.

Government action is imperative, along with a clear understanding that different policy options will entail different tradeoffs, with diverse benefits and costs for various stakeholders. **Evidence-based and inclusive policy decisions** will be needed when deciding on the best course of action.



The majority of existing transfers are what the Organisation for Economic Co-operation and Development calls "**most distorting**". These encourage producers to favor targeted commodities, promote resource-intensive and polluting practices, and distort prices.

The present structure of public support detracts from a focus on research and development, and advisory and extension services, which are critical to boost productivity and prevent the degradation of land for food and farming.

The resulting market distortions discourage private investment in research and innovation, and limit development of the value chain for less-favored commodities, which are often healthier foods.

Increased support for **green innovations** would reduce emissions, while boosting productivity and improving food security and nutrition.

Food Systems 2030 (FS2030) is the World Bank's leading instrument to address the hidden health, environmental, and economic costs arising from the current global food system.

The World Bank is building a **common understanding** for policy action. To date we have worked with governments in Colombia, Italy, Mongolia, New Zealand, Vietnam, and Zambia to implement successful agricultural policy change. In Vietnam, for example, the findings of the Agricultural Policy Re-purposing Study have informed the new Strategy for Sustainable Agriculture and Rural Development for 2021–2030 with a Vision to 2050, approved by the Prime Minister in January 2022, which promotes resilient, green, low-carbon agricultural transformation.