

# Enabling Policy Environment to Promote Sustainable Finance for Food Systems

Developing an enabling environment through public policy is key to channelling sustainable finance to food systems. We structure the enabling policy environment into three pillars:



Figure VII: Pillars of enabling policy environment to promote sustainable finance

In each pillar, a mix of direct and indirect policy instruments and regulations can be instituted to promote sustainable finance in food systems.



## Pillar I. Develop a risk framework for the food value chain

- Set up specialised risk agencies (solely public or public-private partnerships)
- Set-up a designated finance agency as a one-stop-shop of blended finance for food systems in the jurisdiction
- Design and designate vehicles to support the penetration and coverage of insurance services across food systems



## Pillar II. Incentive framework

- Repurpose agricultural support policies
- Generate higher public financial flows through instruments, including sovereign green bonds



## Pillar III. Market signalling

- Redirect investment flows through food-system-sensitive green taxonomies
- Re-mandate banking supervision
- Set mandatory disclosure requirements