

## FINANCING FOOD SYSTEMS TRANSFORMATION

### FSS+4 – STAKES, OBJECTIVES & OUTCOMES

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#### FINANCING FOOD SYSTEMS TRANSFORMATION AT FSS+4 - WHAT WERE THE STAKES?

1. **At FSS+4 Financing was once again centre stage.** The 2021 UN Food Systems Summit (UNFSS) marked a turning point in global commitments to financing food systems transformation—across national budgets, development finance, and private sector investments. Building on this momentum, the 2023 Food Systems Summit Call to Action issued a clear and targeted appeal to international financial institutions (IFIs): prioritize food systems and commit at least \$15 billion in financing to support low- and middle-income countries (LMICs), with a strong emphasis on Africa.
2. **Least Developed Countries (LDCs) are the most challenged in mobilizing the required capital for higher performing food systems** while their populations are the most affected by the shortcomings of the world’s food system. UNCTAD estimates that for 48 LDCs—33 of them in Africa—transforming food systems would require financing equivalent to 40% of their GDP, a figure that underscores the scope of resource mobilization they require to implement their national pathway for food systems transformation<sup>1</sup>. For LDCs, domestic public financing, international development finance and private capital to food systems serve diverse but complementary roles. Mobilizing and optimizing financing across these three streams is essential to advancing their transformation pathways and building inclusive, high-performing national food systems.
3. **Mixed Progress Since 2021.** As the global community took stock of progress at FSS+4, the evidence presented a mixed picture. On the one hand, several low- and middle-income countries (LMICs) have made notable strides in mobilizing domestic resources, and external development finance for food systems rose by 14% between 2021 and 2023—signaling that development partners remain committed to the FSS pledge to scale up concessional resources, even amid cascading global shocks. On the other hand, financial commitments made in earlier Food Systems Summits have not consistently translated into large-scale or sustained financing for transformation. The gap between financing needs and execution has become increasingly apparent, highlighting the need for stronger accountability mechanisms, country owned financing strategies, and more coherent engagement from international partners.
4. **Despite some gains, pockets of innovation and successful pilots, the scale of public and private, domestic and external financing still lags far behind what is needed to drive food systems transformation.** Many LMICs facing severe debt stress are also contending with a liquidity crisis, which is driving up food costs and worsening household food insecurity. This underscores the strong link between high debt burdens and food insecurity. And while external development finance for food systems has grown in absolute terms, its share of total external finance has declined—from 15% in 2018 to 13% in 2023—reflecting growing competition for limited resources across sectors. The long-standing challenge of balancing urgent humanitarian needs with long-term structural investments remains unresolved. Blended finance schemes and

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<sup>1</sup> UNCTAD, The Cost of Achieving the Sustainable Development Goals, 2023

investments still favour middle-income countries (MICs), while low-income countries (LICs) struggle to attract capital at scale. At the same time, local agri-SMEs—the backbone of food systems in many developing countries—continue to face persistent financing barriers. Roughly 90% of smallholder farmers lack access to formal and affordable financial services.

5. **The implicit complementarity of roles among financing actors is a foundational feature of the food finance ecosystem.** Another key insight from the evidence is the distinct—yet often complementary—roles that key actors in external development finance play in supporting LMICs with food systems challenges. Bilaterals play a critical role in financing urgent food needs, particularly for the most vulnerable populations. Around one-third (30%) of bilateral financing is allocated to social assistance, with nearly 98% of that directed toward emergency food aid. Five donor countries—the United States (24%), Germany (20%), Japan (10%), France (10%), and the United Kingdom (7%)—collectively accounted for over 70% of total bilateral food systems financing. In contrast, multilateral financing emphasizes long-term transformation, with about 90% of multilateral food systems finance directed toward structural projects and catalytic private sector investments. IFIs drive this focus, accounting for over 60% of total multilateral development finance for food systems. Among multilateral partners, UN organizations—though smaller in scale—reported the highest share of funding (40%) allocated to social assistance, mostly for emergency food aid. This de facto complementarity raises a critical concern: what happens to the implicit division of labour within the food finance ecosystem when one source of funding falls short of expectations?
6. **The Stakes and the Path Forward: FSS+4 convened amid a food finance ecosystem under renewed pressure.** Several converging pressures are reshaping global food systems finance, including debt distress affecting 52 developing countries (around 40%); significant cuts in external development finance; armed conflicts and displacement; intensifying climate shocks; rising import tariffs and input costs. Meanwhile, LICs still struggle to attract private capital at scale. OECD and emerging economies continue to spend hundreds of billions of dollars annually on agricultural subsidies that distort global food markets, forcing small producers and traders in developing countries to compete under unfair trade terms—often without appropriate access to technology or affordable finance. Projections beyond 2025 are concerning, signalling a growing disconnect between rising food assistance needs and shrinking development finance.
7. **A Sharp Decline in food crisis funding amid escalating needs.** Humanitarian funding, primarily provided by bilateral donors, delivers critical, targeted support to people in countries facing the highest levels of acute food insecurity and requiring urgent food and livelihood assistance. This funding urgently needs to be scaled up, as more people face worsening food crises driven by conflict, economic shocks, climate extremes, and structural vulnerabilities. According to the 2025 Global Report on Food Crises, 295.3 million people in 53 countries experienced high levels of food insecurity in 2024—a significant rise from 192.8 million since the Food Systems Summit in 2021. Without increased and sustained support, millions already at risk will face deeper hunger and destitution. Yet, despite this alarming increase, projections indicate a sharp decline in humanitarian funding for food crisis contexts, with a drop of more than 20% expected in 2025 compared to 2024 levels. Left unaddressed, this sharp decline in donor support will hit hardest those already struggling with severe food and livelihood crises, many of whom are in fragile and conflict-affected settings. A renewed commitment to investing in conflict resolution, crisis

prevention and management, and long-term resilience is now more urgent than ever—not only to save lives, but also to end chronic food dependency and restore human dignity.

8. **The Food Systems Summits are also a moment of opportunity.** LMICs more than ever, must lead and own their food systems financing strategies by assembling the right mix of financial instruments—across national budgets, market resources, grants, and concessional loans—tailored to their specific contexts and needs. Mobilizing, scaling up, and optimizing both new and existing sources of finance is essential to address systemic food systems challenges and drive transformative change. Promising financing solutions are emerging. There are growing examples of country-led initiatives and game-changing financial instruments that combine domestic, development, and private capital to empower small-scale producers, women, youth, and local enterprises. In this context, creating a platform for country leaders, stakeholders, and development partners to showcase and learn from bold, actionable approaches is more critical than ever—especially those that unlock consumer and agribusiness markets and empower local agri-food entrepreneurs.
  
9. **From ‘Nice to Have’ to ‘Essential’: Empowering Decision-Makers with Financial Intelligence for Food Systems Transformation.** In a rapidly evolving food finance landscape, empowering decision-makers and stakeholders with financial intelligence is also a game changer. Access to comprehensive country-level financial intelligence—combining data, actionable insights, and clear visibility of flows across domestic, external, and private sources—is critical. Understanding the roles each actor plays within a country’s food finance ecosystem—governments, the private sector, and development partners—is vital for leveraging their respective strengths and assembling the right mix of financial instruments tailored to each country’s context. While numbers alone do not drive change, they are indispensable for revealing funding gaps, identifying opportunities, anticipating shortfalls, proactively managing risks, and strategically aligning resources to balance immediate needs with long-term goals.
  
10. **Dialogues on food systems financing must rise to the moment—with urgency, clarity, and ambition.** This stocktaking is an opportunity for decision-makers to act on financial evidence and engage in actionable solutions to unlock capital for high performing food systems. Transforming global agrifood systems will require an estimated \$300–400 billion more per year by 2030—less than 0.5% of global GDP and far below the \$800 billion currently spent annually on distorting subsidies. Repurposing investments toward positive social and environmental outcomes is key to making transformation a reality. How we navigate the current shifts in food systems finance will determine our ability to reverse rising hunger and fulfil the promise of long-term, inclusive, and resilient food systems. The core challenge lies not in affordability, but in political will, innovative and country-led financing solutions and partnerships. FSS+4 is both a timely opportunity and an urgent responsibility—to mobilize decision-makers around actionable financing strategies that inspire bold action, guide investment choices, and catalyze collaboration across the full spectrum of food finance systems actors.

## FINANCING FOOD TRANSFORMATION - WHAT MUST HAPPEN?

The Food Systems Summits' convenings on Financing and Investment sessions are an opportunity—and urgent responsibility—to bring decision makers and stakeholders government leaders, food companies, farmers and small agri-food entrepreneurs, banks, institutional investors, and development partners to:

- **Take stock of progress, challenges, and risks** in a rapidly evolving food systems finance landscape, grounded in evidence and financial intelligence.
- **Share and learn from bold, actionable, practical, and country-led approaches** that unlock, accelerate, and repurpose food systems financing. This includes creating space for leaders and stakeholders to exchange solutions for scaling domestic public investment, optimizing external development finance, and catalysing private capital—empowering small-scale agri-food entrepreneurs while advancing transformation.
- **Ignite country-owned food systems financing strategies** that are bold enough to inspire action, clear enough to guide decision-making, and urgent enough to mobilize food systems finance leaders and stakeholders.

## FINANCING FOOD SYSTEMS TRANSFORMATION AT FSS+4 - WHAT MUST WE ACHIEVE?

1. **A Sharper Understanding of Where We Stand on Food Systems Financing** comprehensive view of progress made, persistent challenges, and emerging risks in the global food systems finance landscape—anchored in robust evidence and financial intelligence to support strategic, informed action.
2. **A Shared Platform for Real Solutions: Country-Led Initiatives and Innovative Financing Instruments**  
Bold, proven, country-owned financing solutions that are unlocking, accelerating, and repurposing food systems financing—scaling domestic investment, optimizing external finance, mobilizing private capital, and empowering small-scale agri-food entrepreneurs, especially women and youth, while driving inclusive, cross-sectoral transformation.
3. **A Path Forward for Bold, Country-Owned Financing Strategies**  
Ambitious enough to drive transformative changes, practical enough to guide decision-making, and urgent enough to mobilize coordinated action across governments, development partners, and private investors.

## FINANCING FOOD SYSTEMS TRANSFORMATION AT FSS+4 – KEY MESSAGES

*“Financing Food Systems Transformation: Mobilize. Scale. Repurpose. Leave No One Behind. Now more than ever, we must rise to the challenge—with urgency, purpose, and unity.”*

1. **FSS+4 marked critical juncture in food systems financing**—a moment not just to take stock of progress, but to respond major shifts in the food finance ecosystem of support with urgency, clarity, and ambition.

2. **Progress since 2021 has been mixed.** While there have been gains, financing still falls far short of what is needed to reverse rising hunger and enable meaningful transformation.
3. **The challenge is not affordability**—it is political will, innovation, and coordination. Mobilizing an additional \$300–400 billion annually is achievable, especially when contrasted with the \$800 billion spent each year on distorting agricultural subsidies.
4. **Now is the time for bold, country-led solutions** that blend domestic budgets, development finance, and private capital and empower local small-scale agri-food businesses providing opportunities for women and youth.
5. **No country should be left to carry the financing burden alone.** Empowered national decision-makers need access to financial intelligence to lead country-owned strategies and mobilize the right mix of financing actors and instruments suited to their contexts.
6. **Balance within the food finance ecosystem must be sustained**—meeting urgent humanitarian needs while investing in long-term structural transformation. Evidence reinforces the need to preserve the implicit complementarity in food systems finance—with bilateral financing critical for addressing immediate food needs and IFI finance focused on long-term transformation.
7. **IFIs are a backbone of food finance ecosystems**—In 2023 alone, IFI disbursed \$17.8 billion, surpassing the UNFSS+2 target of \$15 billion over two years. Their strength lies in supporting government-led financing strategies, complementing domestic resources, mobilizing private capital, and leveraging each partner’s distinctive strengths to balance urgent needs with long-term transformative investments.
8. **Food is a profitable business**—it is a trillion-dollar industry. Around the world, there are successful examples of food businesses that deliver both financial returns and positive environmental, social, and governance outcomes. However, isolated successes are no longer enough. These approaches must be scaled—not treated as exceptions but embraced as the standard for how we finance food systems.
9. **Finally, we must not lose sight that the FSS promise to finance high performing food systems goes beyond ending hunger in the global South.** It is a promise of unlocking and repurposing public and private capital to finance nature and health positive, equitable and resilient food system models across all countries in the world.