UNLOCKING FINANCE FOR FOOD SYSTEMS TRANSFORMATION

How the Joint SDG Fund's Food Systems Window supports countries to move from commitments to financing at scale

Key messages

- **The Joint SDG Fund's Food Systems Window serves as a catalytic mechanism to convert national pathways into structured, bankable investment pipelines.** Its primary value proposition lies in its capacity to systematically mobilize a mix of UN specialized agencies and leverage their comparative advantage and mandates to mobilize technical assistance, advance partnerships and scale up financing flows that accelerate the sustainable food systems transition.

- With roughly 10 percent of global GDP ($10–12 trillion) lost in annual hidden health and environmental costs, **the challenge to finance food systems transformations is not primarily a shortage of capital, but how existing financial flows are shaped and accessed**.

- Addressing the current misalignment between existing flows (public and private) and national sustainable development objectives requires defining and synergising the **right mix of instruments** to address country-specific constraints, constructing pipelines through a range of **innovative financing instruments**, and **crowding in and scaling up additional financing**.

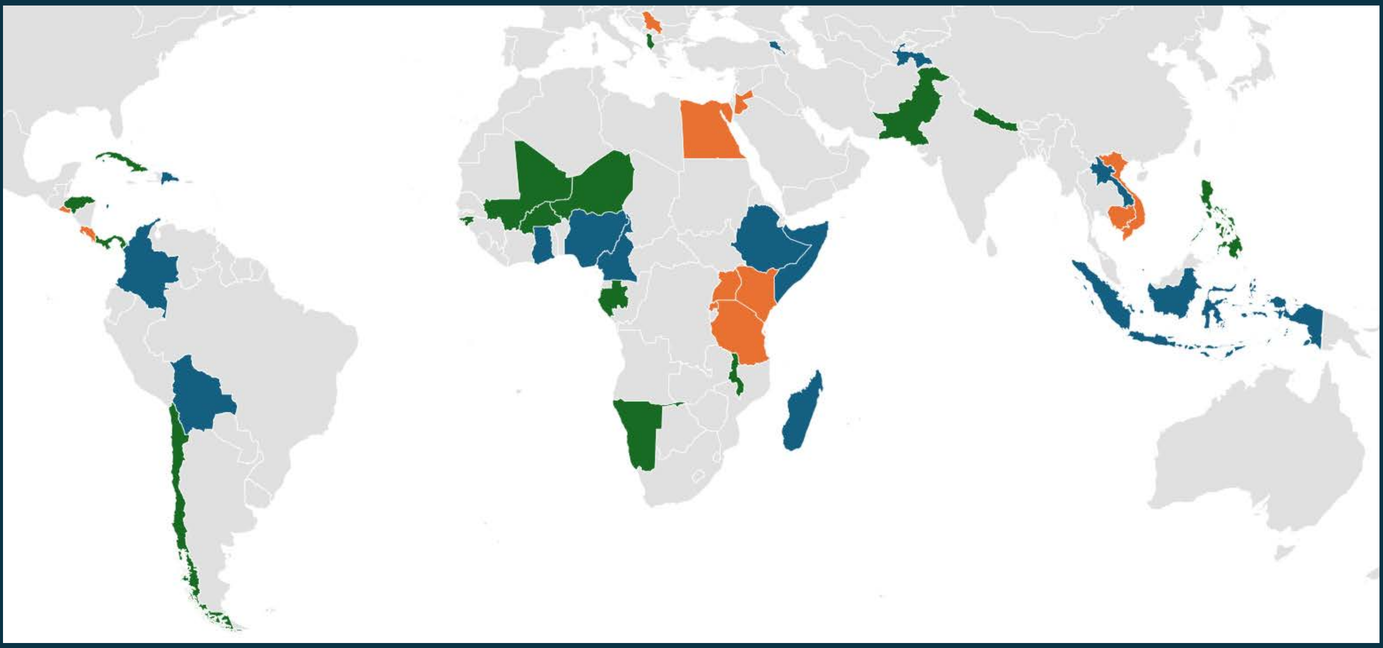
- The Food Systems Window of the Joint SDG Fund addresses dual market constraints and builds investment readiness by strengthening the capacities of smallholders, cooperatives, and small enterprises to access capital (demand side) while mitigating real and perceived risks to unlock commercial lending (supply side), thus building confidence between investors and producers.

- From Guarantees and Insurance Mechanisms, aggregation, demand stabilization through public procurement, watershed payments for ecosystem services, to dedicated finance windows in national Funds, Concessional Finance, Results-Based Financing and Development Impact Bonds (DIBs), Thematic Sovereign Debt, the Food Systems Window accompanies countries design the finance solution best suited to advance National Food System Pathway priorities.

- With an initial injection of $32 million through two rounds of funding (seed, high impact- 1st, high impact -2nd), over **$300+ million additional financing are expected to be leveraged**, from investors ranging from IFIS (IFAD, World Bank, Asian Development Bank, Islamic Development Bank, Interamerican Development Bank) to domestic institutions (public development banks, government budgets) and local, regional and international private investors.

- Ahead of **UNFSS+6 where financing is expected to remain one of the central thematic priorities, the Food Systems Window has untapped potential to accelerate countries' efforts to develop, structure, and present investment-ready portfolios** that reflect a true systems approach.

Overview of the Food Systems Window and related Joint Programmes



Food Systems Window

SEED

Cambodia
Costa Rica
Egypt
El Salvador
Jordan
Kenya
Rwanda
Samoa
Serbia
Tanzania
Uganda
Viet Nam

High Impact (1st round)

Bolivia
Ethiopia
Nigeria
Somalia
Tajikistan
Timor-Leste

High Impact (2nd round)

Cameroon
Colombia
Dominican Rep.
Jordan
Lao PDR
Madagascar
Armenia
Ghana
Indonesia
Kenya
Rwanda

Other funding tracks with a focus on food systems

Albania (Digitalization)
Rwanda (Digitalization)
Tanzania (Digitalization)
Malawi (Social Protection, Jobs)
Namibia (Social Protection, Jobs)
Central Sahel (BKF, Mali, Niger)
Cuba (Capacities, IPC)
Gabon (IPC)
Guinea-Bissau (IPC)
Pakistan (IPC)
Panama (IPC)
Chile (Localization)
Honduras (Localization)
Jordan (Localization)
Nepal (Localization)
Philippines (Localization)
Tanzania (Localization)

SECTION 1

The Joint SDG Fund Food Systems Window in today's evolving financial landscape

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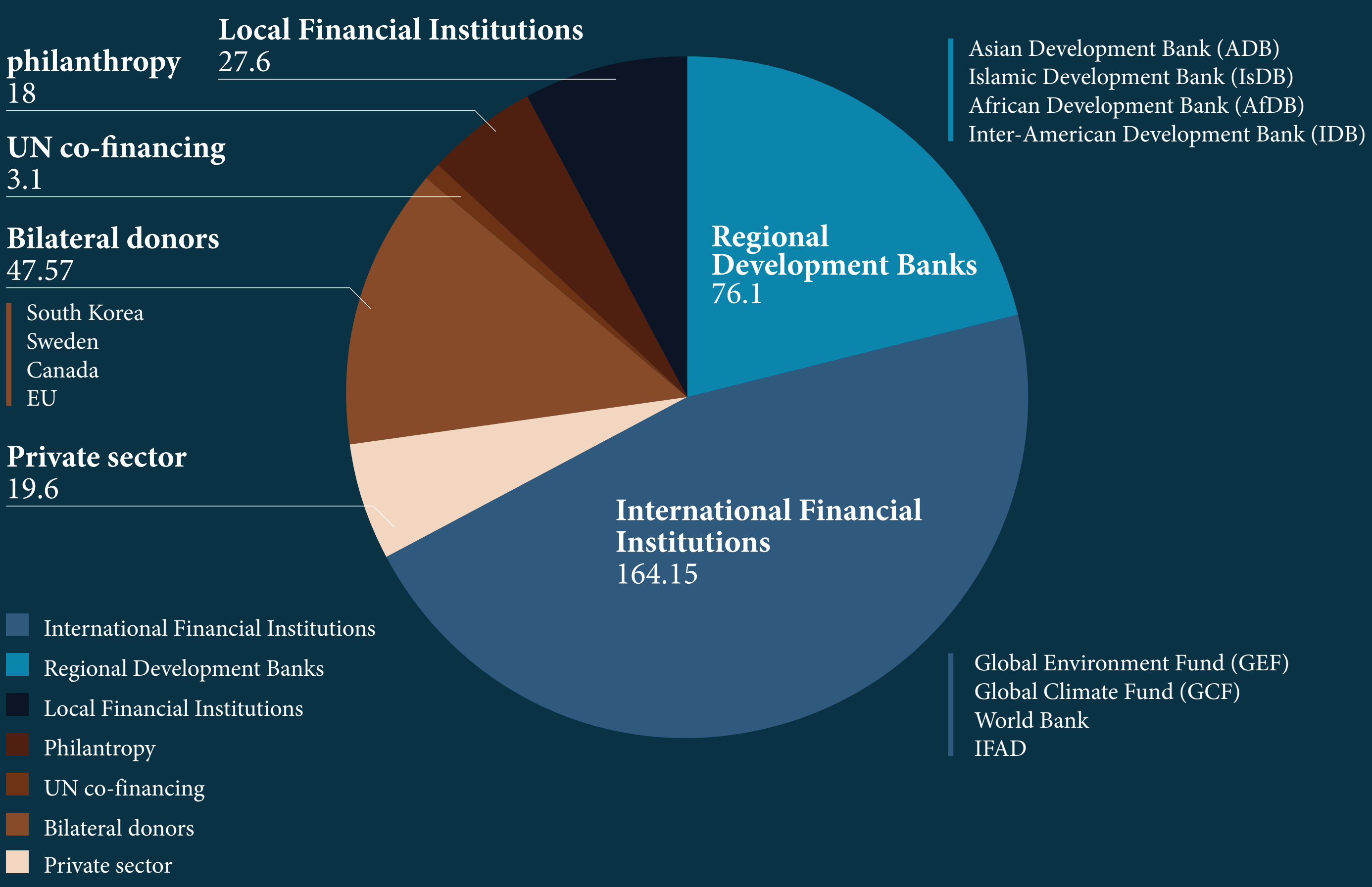
Since the 2021 UN Food Systems Summit, countries have consistently presented the unlocking of finance as the #1 priority to move from vision (National Food Systems Pathways) to action (effective people-centered transitions). **The challenge is not primarily a shortage of capital, but how existing financial flows are shaped, channelled and accessed.** Public support to agriculture exceeds USD 650 billion per year, while private investment in food systems is estimated at around USD 2 trillion per year (World Bank, 2024). Yet much of this financing does not contribute to sustainable, healthy, inclusive and resilient food systems, and in many cases actively reinforces inefficiencies and negative outcomes. Roughly 10 percent of global GDP ($10–12 trillion) is lost in annual hidden costs through environmental damage and health impacts, of which around 70 percent ($8.1 trillion) arise from unhealthy dietary patterns linked to non-communicable diseases (NCDs) such as heart disease, stroke, and diabetes (FAO, 2024). Capital exists but concerted efforts are required to align the financing required to achieve the SDGs by 2030. **The UNFSS+2 and UNFSS+4 Stocktakes**, and the **Fourth International Conference on Financing for Development** (Seville Communiqué, 2025), all called for coherent public spending and more integrated, risk-sharing and blended approaches to crowd in and redirect private sector financing towards more sustainable outcomes that deliver for people, the planet and shared prosperity and reach the intertwined SDGs by 2030.

Addressing the current misalignment requires blending public and private capital based on respective distinct risk-return profiles. While *public funds* are uniquely positioned to absorb foundational risks and low-margins in high social impact investments- like biodiversity conservation- *commercial capital* offers the scale needed for transformation. However, private investors are routinely deterred by systemic barriers like market fragmentation, climate variability, and prolonged return timelines. Deploying targeted instruments - such as guarantees, first-loss capital, or concessional loans - can help mitigate these systemic barriers to attract and align commercial investment.

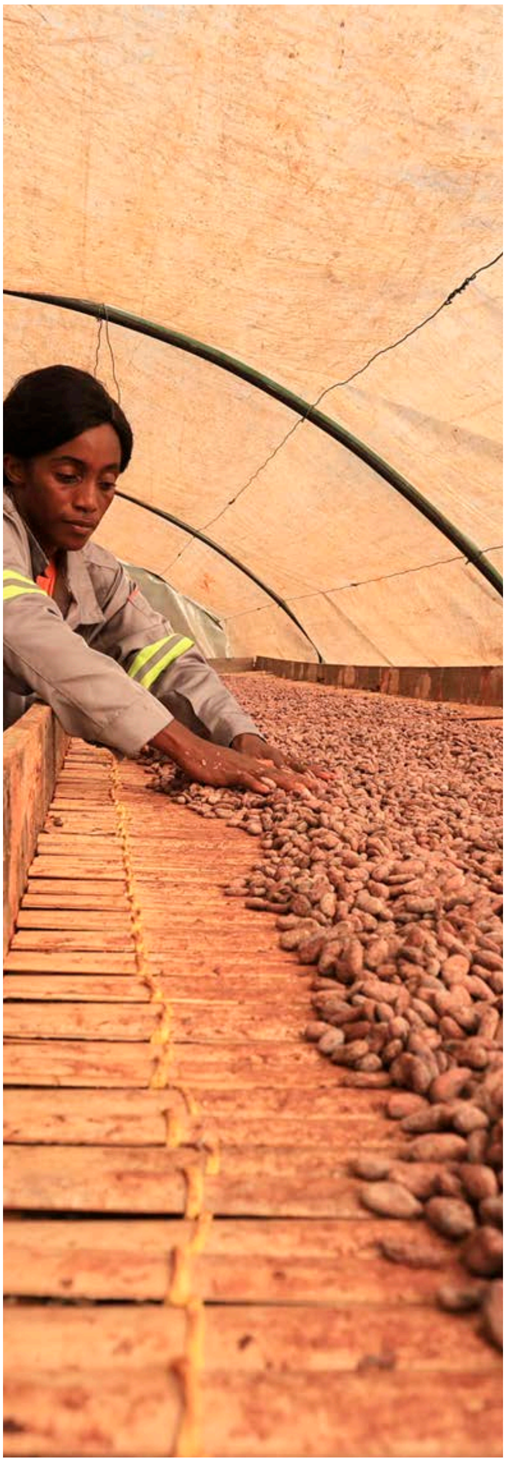
The Joint SDG Fund's Food Systems Window plays a critical role as part of this complex, but increasingly concerted effort. Implemented through a whole-of-UN-system approach under the leadership of UN Resident Coordinators around the globe, the Window enables countries to: 1. *Strengthen access to finance and investment readiness* for public and private value-chain actors — including farmers and their organizations — through targeted technical assistance, capacity building, and by addressing key constraints. 2. *Mobilize additional financing* by leveraging partnerships and networks to reduce investor risk and crowd in both public and private capital. 3. *Build scalable investment pipelines* by designing and strengthening blended finance solutions tailored to specific market constraints.

With an initial injection of 31.6 million, with thanks to Germany, Ireland, Italy and Spain, Joint Programmes have leveraged over USD 300+ million from diverse sources



SECTION 2

Catalytic investments have leveraged significant resources for food systems



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Since 2023, **the Food Systems Window has invested USD 31.6 million across 26 countries, leveraging over USD 300+ million** and reaching an average **leverage ratio of 1:9**.

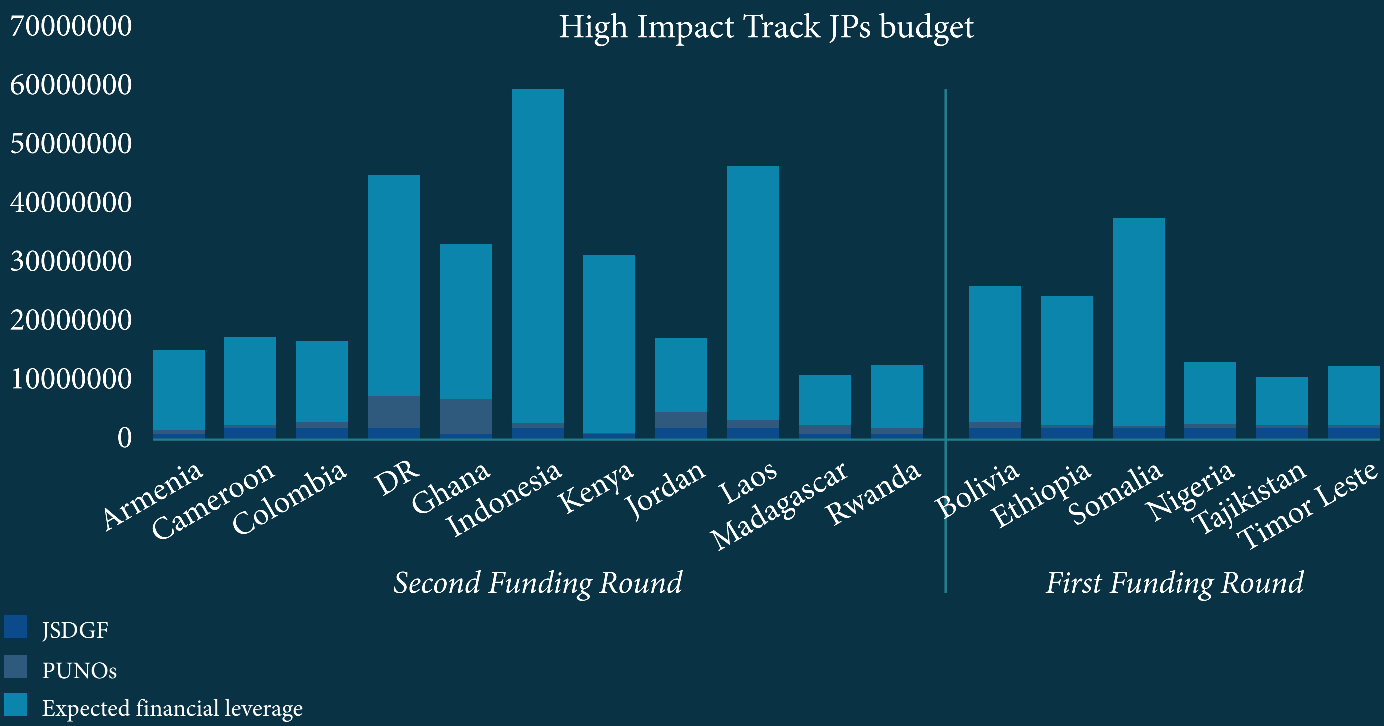
The work to leverage resources begins long before financing is formally mobilized, and **targeted technical assistance plays a critical role in strengthening the structural backbone required for capital to flow**. Joint Programmes have focused on strengthening governance mechanisms and aligning diverse stakeholders around shared priorities to help facilitate and align future, larger investments.

In **Cameroon**, for example, the *CONVERGEFOOD* Joint Programme worked on strengthening demand-side cooperative capacity to collectivize risk, lowering supply-side investor risk perceptions through diagnostics, and build host-ministry readiness to fast-track applications to set up strong transaction-ready pipelines for rice, cassava, dairy, and poultry value chains. With the UN system's technical expertise (building on flagship initiatives such as FAO's Hand In Hand Initiative) and neutral intermediation enabling partnerships with banks such the Islamic Development Bank, and anchoring the work within strong government multi-sectoral leadership, the *CONVERGEFOOD* Programme is supporting long-term regulatory predictability, capacities of value chain actors, and administrative alignment required to crowd in multilateral development banks and private capital at scale.

Through the '*Integrated Food Systems and Climate Resilience Initiative*' in **Lao PDR**, an initial injection of USD 1 million complemented by USD 2.5 million in UN co-financing has achieved a **financing leverage ratio of 1:43 by mobilizing and aligning an expected USD 43 million in IFI and Government financing**. Engaging partners from the outset, the JP has facilitated technical assistance to pilot innovations and align programming financed by the Government of Lao PDR, ADB, IFAD, and bilateral aid from the Governments of Korea, Japan, Germany to strengthen inclusive financial mechanisms and climate-risk finance, laying groundwork for the **first national farmers insurance scheme**.

In the **Dominican Republic**, the USD 1 million Joint Programme titled '*Powering Food Systems Transformation in the Yaque del Sur Basin*' is **expected to leverage USD 37.5 million in IFI, private sector and MDB financing, reaching a leverage ratio of 1:38**. The Joint Programme is supporting the development of a watershed/territorial payment for ecosystem services (basin restoration) model, conducting demonstration pilots, developing digital tools, and policy diagnostics to support efficient public spending and innovative blended finance partnerships, addressing key constraints that prevent partners from engaging and collectively shaping a joint pipeline. Catalytic partners include

The Joint SDG Food Systems Window is achieving higher financial leverage ratio with each round of funding



the Inter-American Development Bank, WB, IFAD, Dominican Agricultural Bank, and the Dominican Hydroelectric Generation Company.

In **Bolivia**, as part of the '*Strengthening Sustainable Food Systems in the Bolivian Amazon to Live Well and in Harmony with Mother Earth*' (AMAS-1) Joint Programme, UN agencies have partnered with processing companies and international brokers active in the Amazon, including Voicevale and BIO Food, to deliver capacity support packages for 43 families to improve the quality of Brazil nut and açaí production. The support has enabled the participating communities to export for the first time their products. Building on the practices consolidated through the Joint Programme, a follow-up EUR 21 million IFAD programme will scale up AMAS-1 activities to promote sustainable agriculture and expand market access in the Amazon region, demonstrating the catalytic role of the Joint Programme in anchoring in larger-scale and nationally owned initiatives. Beyond facilitating commercial agreements for Indigenous producer organizations, AMAS-1 is helping establish the enabling conditions for long-term investment in the Bolivian Amazon that prioritises marginalised communities and the planet alike. The programme strengthens producer organizations, territorial governance, financial literacy and market access while coordinating closely with national institutions.

At the core of this leveraging model is strong **government leadership** - often championed by National Food Systems Convenors - and decisive **UN Resident Coordinator leadership**. This leadership drives strategic **partnerships and coordination platforms** with International Financial Institutions, commercial banks and private sector. Ultimately, these efforts are underpinned by evidence and **diagnostics** of both supply- and demand-side financing constraints. By utilizing existing analytical frameworks, such as IFAD's 3FS tool and the World Bank's financial flow measurement tools, this model helps anchor financial leverage within a long-term national financing architecture.

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SECTION 3

Scaling food systems transformation through innovative financing instruments

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Countries are actively seeking financing solutions capable of connecting National Food Systems Pathways with national budgets, development banks and private investors. Since 2024, **the Food Systems Window has supported the design and adoption of 25 blended finance solutions across 29 Joint Programmes,** deploying catalytic resources to mitigate early-stage risks, structure viable pipelines, and resolve the structural barriers that prevent vulnerable communities from accessing productive capital.

Different financing instruments respond to different constraints across varying stages of implementation. While some countries require catalytic grants to mobilize technical assistance to improve the investment readiness of producers, cooperatives and local governments or to strengthen governance and prepare investment pipelines, others increasingly demand blended finance mechanisms, guarantees, concessional lending, and territorial investment platforms.

- **Aggregation:** In **Serbia**, market fragmentation among small organic producers in the Kolubara region was addressed by establishing a formalized "Bio-District" that aggregates scattered farmers, local processors, and municipal authorities into a coordinated territorial ecosystem for organic agriculture and ecotourism. The spatial and institutional aggregation creates economies of scale, standardized production quality, and meets the minimum ticket-size and compliance benchmarks of international financiers.

- **Demand Stabilization:** In **Kenya** and the **Dominican Republic**, local smallholder aggregation hubs are connected with nationally funded Home-Grown School Feeding Programmes through public procurement, providing a predictable revenue contract that farmers can leverage as informal collateral to secure commercial production loans and demonstrating the central role of government leadership and programme to drive change.

- **Guarantees and Insurance Mechanisms:** To mitigate high perceived structural risks, such as climate exposure and default rates, risk-sharing frameworks are established through public or development capital to absorb initial losses. In **Rwanda**, where strict collateral mandates and perceived volatility limit agrifood Micro Small and Medium Enterprise (MSMEs) financing, the Joint Programme is designing a localized portfolio guarantee facility with domestic financial institutions. By assuming first-loss risk, this facility enables banks to extend flexible, affordable credit lines directly to youth- and women-led agrifood enterprises.

- **Concessional Finance:** In **Jordan**, where the high upfront cost and long payback periods of water-efficient technologies prevented olive and horticulture smallholders from transitioning, the Joint Programme, alongside UNCDF and domestic financial institutions, introduced a hybrid concessional lending facility. By subsidizing borrowing costs and extending credit maturities, the facility aims to support farmers to adopt advanced green technologies.

- **Results-Based Financing and Development Impact Bonds (DIBs):** In **Armenia's** Shirak Region dairy sector, the Joint Programme is piloting a DIB to address low milk quality and degraded pastures. Instead of directly funding inputs, the model utilizes upfront private investor capital, with public or donor repayments strictly contingent on achieving verified results (such as improved milk quality and restored pastures), thereby transferring performance risk away from public budgets.

- **Thematic Sovereign Debt:** Through the ASSIST programme in **Indonesia**, the UN supported the design of national sovereign "Green Sukuk" and standard "SDG Bonds, which have mobilized over USD 5.7 billion to bridge climate funding gaps. The initiative connects this macro-level capital to local implementation by training 14 local banks to disburse SDG-linked loans to small businesses and using a standardized green catalogue to accelerate loan approvals for climate adaptation and sustainable agrifood initiatives.

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SECTION 4

Defining the 'right' mix of instruments to support food systems transformation at scale

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To address both demand- and supply-side constraints, Joint Programmes are deliberately matching macro-level instruments alongside localized tools - such as territorial aggregation platforms, credit guarantees, and sovereign off-take anchors. This sequenced and layered mix of instruments is reshaping a coherent national financing architecture for financing to flow towards development outcomes. **UN agencies join forces to deploy their specialized capabilities to strengthen distinct elements of this architecture:** UNCDF offers its expertise on credit guarantee schemes, WFP on macro-insurance, and FAO on producer aggregation and private sector engagement.

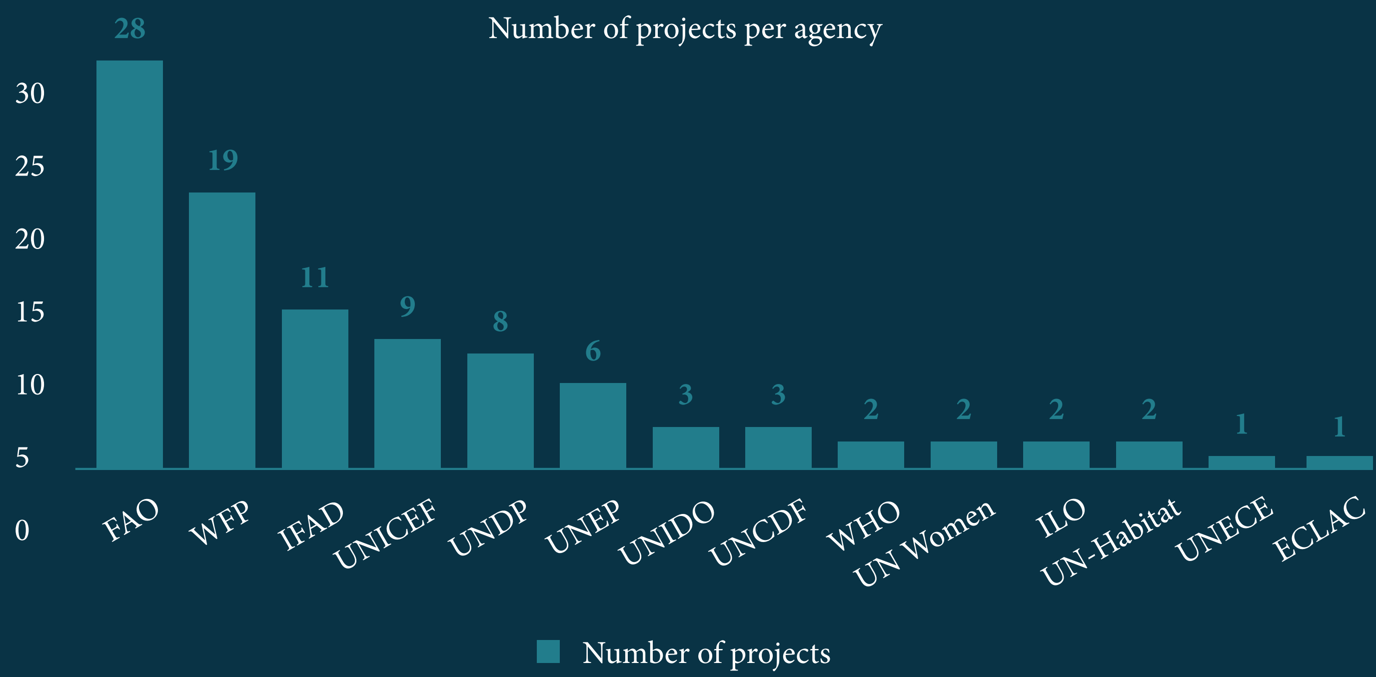
▶ **Madagascar's National Blended Financing Window:** Access to inclusive finance remains a significant constraint to invest in productivity, climate resilience, and value chain development particularly for smallholder farmers, women, and youth in Madagascar. In the Anosy region, where malnutrition rates are amongst the highest as a result of climate vulnerability, the Joint programme is creating a funding window within the national Agriculture Development Fund to promote climate-smart and nutrition sensitive agriculture to attract funding from national banks, IFIs (e.g. World Bank), and the private sector. Simultaneously, the programme aims to address key capacity gaps among smallholder farmers, collaborating with producers' organizations, by supporting the development of viable business plans and strengthening their financial skills and climate-smart agricultural practices.

Colombia's Technical-Financing Facility recognizes that one of the principal barriers to financing is not necessarily the lack of available capital, but the limited connection between investment-ready food systems initiatives and financial institutions capable of supporting them. On the demand side, the programme is working with producer organizations, cooperatives and local enterprises to strengthen their organizational capacities, improve business planning, develop investment proposals and increase their readiness to access financial services. On the supply side, it is supporting financial institutions in co-designing financing instruments - including credit products, guarantees, insurance mechanisms and technical assistance. This multi-pronged approach creates the institutional conditions necessary for larger public and private investments by improving policy coherence, facilitating coordination among financial actors and building confidence between producers and financial institutions.

Diverse UN expertise is helping shape the right mix of financing instruments

Diversified UN participation

14 agencies, increased participation from UNDP, UNCDF, UNEP, UN-Habitat, regional commissions



SECTION 5

Way forward for Coordinated and Increased Investment

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The Joint SDG Fund's Food Systems Window serves as a catalytic mechanism to convert national pathways into structured, bankable investment pipelines. The Fund's primary value proposition lies in its capacity to systematically mobilize a mix of UN specialized agencies and leverage their comparative advantage and mandates to mobilize technical assistance, partnerships and capital in support of national sustainable development targets.

In terms of financing, Joint Programmes support countries across three integrated functions:

- **Improving investment readiness:** working on both the demand and supply-side building foundational technical capacities and policy coherence across both public institutions and private value chain actors to ensure local ecosystems can effectively absorb and access capital.
- **Mobilizing resources through partnerships and leveraging ongoing initiatives:** Aligning national development banks, international financial institutions (IFIs), and commercial investors around localized market constraints to deploy and scale innovative, blended finance solutions.
- **Strengthening national financing architectures:** Assisting governments and partners to transition away from fragmented, project-based interventions and toward integrated, long-term national frameworks capable of continuously aligning public, development, and private capital with the SDGs. By conducting the necessary diagnostic work to understand constraints to access and offer capital and pilot a blend of instruments to address these, Joint Programmes are contributing to reshaping the financial architecture.

The UN Food Systems Coordination Hub supports the Fund's work by mobilizing specialized UN technical support, facilitating policy dialogue, peer-to-peer learning, and strengthening partnerships, including with the UNFSS Coalitions of Action, such as with the Agri-Public Development Bank (PDB) Platform launched by AFD and IFAD at UNFSS, engaging 138 PDBs across 94 countries to finance green and inclusive food systems.

The success of the food systems window has led to direct partnerships with investors (AGFUND) to replicate the approach at regional level: under the leadership of the Intergovernmental Authority on Development (IGAD), the Fund and the Hub will be coordinating the development of investment pipelines in six countries of the Horn of Africa in 2026-2027.

Ahead of UNFSS+6 where financing is expected to remain one of the central thematic priorities, **the Food Systems Window has untapped potential to accelerate countries' efforts to develop, structure, and present investment-ready portfolios that reflect a true systems approach.** By facilitating early-stage coordination between countries, technical partners, and institutional investors, the Hub and the Joint SDG Fund provide a structured, transparent mechanism to transition global commitments into scalable, long-term, and financially sustainable national financing systems.

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From National Pathways to Bankable Investments and Financing at Scale

National Pathways → Diagnostics → Pipeline Structuring → Blended Instruments → Scalable Investment

Define vision and means of implementation, identify constraints and engage investors early.	Provide Targeted Technical Assistance	Design Tailored Financial Solutions
Identify constraints to access finance (demand side) & for investors to engage (supply side)	Strengthen local capacities	Blend financing instruments to address multiple risks & constraints
Bring in investors & partners from the start	Deploy catalytic grants & derisking tools	Align public & private capital flows

$32 M
Catalytic Grants

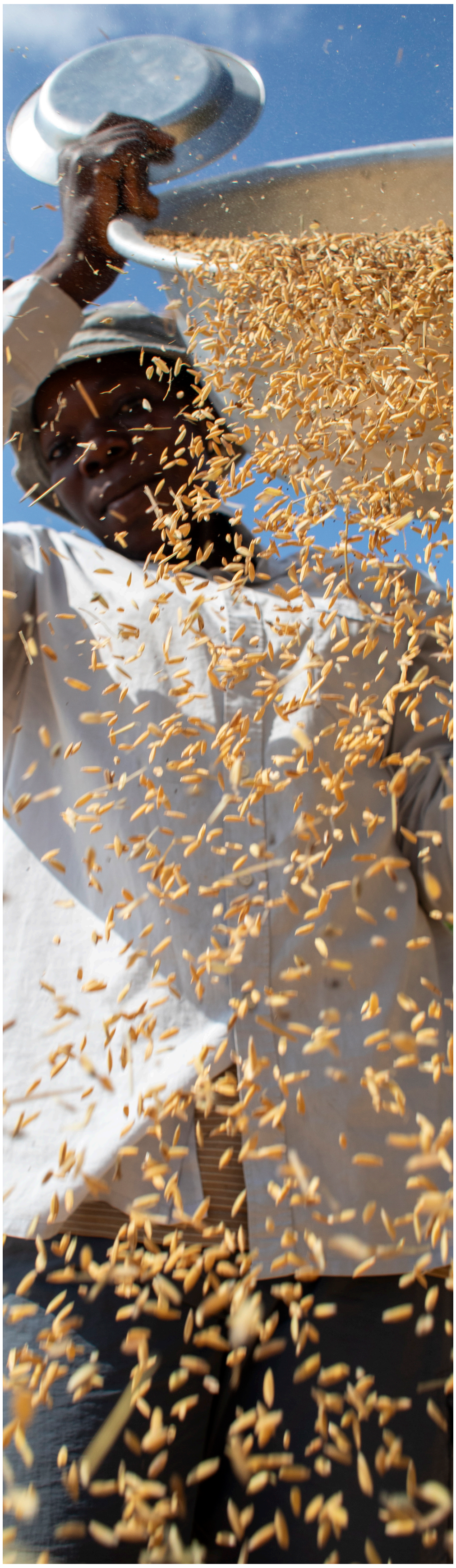
$300+ M
Leveraged (1:9)

26
Countries Supported

29
Joint Programmes

25
Innovative Instruments

About the Joint SDG Fund Food Systems Window



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Since 2024, the Joint SDG Fund Food Systems Funding Window, established by the UN Food Systems Coordination Hub in partnership with the Joint SDG Fund, has injected USD 32 million in 26 countries to advance food systems priorities anchored in National Food Systems Pathways, with support from the governments of Germany, Italy, Spain, and Ireland.

Through 1-2 year country-level catalytic grants consisting of either seed (USD 250,000) or high-impact (USD 1 million) Joint Programmes, inter-agency UN Country Teams are mobilized under the leadership of the UN Resident Coordinator's Office.

Joint Programmes integrate institutional technical assistance to foster enabling policy and regulatory environments with direct capacity development to strengthen the market readiness of local producers and value chain actors.

The Funding Window acts as a catalyst, strengthening the policy and institutional environments, piloting systems interventions and building the pipelines and innovative financing instruments that unlock financing at scale: with over $300+ million expected leverage to achieve a 1:9 ratio.

International financial institutions (IFIs), commercial and development banks, and private sector investors are engaged from programme inception, ensuring tight alignment between national development policies and programmes, and commercial investment criteria.

Joint Programmes have supported the design, structuring, and scaling of 25 innovative instruments, including concessional loans, credit guarantees, asset aggregation platforms, and results-based mechanisms like impact bonds.

UNITED NATIONS FOOD SYSTEMS COORDINATION HUB

JOINT SDG FUND