EXTERNAL DEVELOPMENT FINANCIAL FLOWS TO AFRICA FOR FOOD SYSTEMS

10 KEY TRENDS

2018-2023

3FS TRACKING FINANCIAL FLOWS TO FOOD SYSTEMS

1. **Africa remains the top recipient of external development financing for food systems,** which has grown amid rising pressures; yet the continent still lags in mobilizing financing, both domestic and international, at the scale required to transform its food systems. Some African countries have made progress in mobilizing domestic resources for food systems transformation. External development finance in support of these efforts increased by 19 per cent between 2018 and 2023, rising from US$18.1 billion to US$21.5 billion annually and totaling US$117.0 billion over the six-year period. Although Africa has consistently received the largest share of external development financing for food systems (38 to 42 per cent), that proportion has increased only marginally over time. This stagnation is particularly concerning as food insecurity worsens, climate-related threats intensify and the need for transformative investments grows.

2. **During global crises, such as the COVID-19 pandemic, which further strained food systems, Africa did not emerge as a priority region for greater external development financing.** Africa's share of global food systems financing fell to 38 per cent in 2020 as donors redirected resources towards other regions. Although external development financing to Africa for food systems rebounded after 2021, the decline in 2023 signals that the increases were not sustained. Shifts in external development financing and projections for 2025 reveal a growing disconnect between rising food assistance needs in fragile and conflict-affected contexts and shrinking aid budgets.[1]

3. **Food assistance absorbs a significant share—more than one-fifth (23%)—of external development financing for food systems in African countries.** This heavy allocation to short-term relief stands in stark contrast to that in other regions, such as Asia and the Pacific and Latin America and the Caribbean, where social assistance accounts for only about 6 per cent of food systems financing, reflecting a markedly different regional distribution of resources, shaped by diverse food systems challenges. The distribution of external development financing underscores the urgent need to address the root causes of crises and conflict. Doing so would allow for the strategic repurposing of resources in support of Africa's continental vision – the Kampala CAADP 2026–2035 strategy, aimed at building high-performing food systems that unlock the continent's vast agrifood business potential and transform its growing consumer markets into profitable opportunities for African agrifood entrepreneurs and the broader private sector.

4. **Eleven of the 55 African countries received half of the external development financing for food systems between 2018 and 2023, reflecting a heavy concentration in just a few countries.** Besides Egypt, Kenya and Morocco – three of Africa's most populous lower-middle-income countries – most major recipients of external development financing for food systems are located in the Sahel or the Horn of Africa. This concentration reflects

1. Annex 1, The Global Alliance Network Against Food Crises, 2025.

global risk assessments, as 9 of the top 11 recipients are among the world's poorest, most food-insecure and conflict-affected nations. Many also rank among the 55 countries identified as needing external food assistance and facing high climate vulnerability. Burkina Faso, Niger and Nigeria anchor donor efforts in the Sahel and Ethiopia, South Sudan, Sudan and Uganda in the Horn. Outside these regions, the Democratic Republic of the Congo bears Central Africa's heaviest development burden. Roughly 42 per cent of food systems financing to these countries goes to food assistance, underscoring its life-saving role. Although official development assistance (ODA) accounts for less than 1 per cent of the annual Sustainable Development Goal (SDG) financing gap, it remains critical for fragile, food-insecure contexts. Meanwhile, the other half of external food systems financing is thinly spread across 44 countries, underscoring the importance of domestic resource mobilization and the need to attract alternative sources of capital to finance national pathways for food systems transformation.

5. **International development financing for African food systems is channeled through bilateral and multilateral sources in nearly equal measure.** Between 2018 and 2023, 50 per cent of external development financing was delivered through multilateral organizations and 46 per cent through bilateral cooperation. While funding from philanthropic actors is gradually increasing, it still accounts for only 3.5 per cent of external development financing flows to the region.

6. **An implicit complementarity of roles among actors in the food financing ecosystem is emerging in African countries.** Bilateral financing plays a key role in meeting urgent needs; nearly 40 per cent of bilateral development financing to food systems goes to social protection, with 98 per cent allocated to emergency food aid. Multilateral flows, in contrast, tend to focus on long-term investments. Seven international financial institutions (IFIs) – the Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, IFAD, Islamic Development Bank and the World Bank – provide over 60 per cent of multilateral development financing for food systems, largely in support of structural transformation. **Africa received the second-largest share of IFI food systems financing (30 per cent), after Asia. IFI support nearly doubled from US$3.1 billion in 2018 to US$6.1 billion in 2023.** Although United Nations organizations account for just 4 per cent of multilateral food systems financing, they play a critical role in delivering food aid to vulnerable populations, especially in fragile and conflict-affected areas. Among both bilateral and multilateral donors, United Nations agencies allocated the highest share (40 per cent) to social assistance, mostly emergency food aid. **While still falling short of Africa's needs, these different financing flows are aimed at balancing immediate humanitarian assistance with long-term development goals.** This implicit complementarity also reveals a key vulnerability: when one financing source falters, the entire ecosystem of support must adapt to restore balance.

7. **ODA remains the backbone of external development financing for food systems in Africa; however, the financing instruments used to support African countries are evolving.** Between 2018 and 2023, bilateral financing remained ODA-driven, with 98 per cent of support to African food systems provided as highly concessional finance or grants. **Within multilateral flows, the share of other official flows (OOF) more than doubled – from 15 per cent in 2018 to 36 per cent in 2023** – while ODA fell from 85 to 64 per cent. OOF includes development financing instruments that do not meet ODA concessionality criteria but still qualify as development financing; they include concessional loans, guarantees, subsidies and grants, particularly those directed at or through the private sector. OOF growth in multilateral development financing is largely driven by the expanding role of IFIs in food systems financing. This signals a shift towards more market-based de-risking mechanisms, such as blended finance and guarantees, with greater emphasis on private sector engagement.

8. **A small group of bilateral donors plays a leading role in providing external development financing to African food systems.** Seven countries – Canada, France, Germany, Japan, Kingdom of the Netherlands, United Kingdom and United States – account for nearly 80 per cent of all bilateral funding to African countries for food systems, representing the bulk of financing efforts across the continent. Given the ongoing shift in global funding priorities, alternative sources and innovative financing solutions will be essential to sustain support for the most vulnerable – particularly in countries that receive a large share of food systems financing directed towards food assistance.

9. **There is growing attention to environmental sustainability in external development financing for African food systems.** Between 2018 and 2023, dedicated financing for climate- and environment-related components grew by 41 per cent, reflecting rising support from development partners. However, the level of financing still falls far short of the scale of the challenges that African countries face in building resilience and advancing climate adaptation across their food systems.

10. **A US$1 trillion opportunity: Unlocking Africa's agrifood market potential.** According to the African Union Development Agency-New Partnership for Africa's Development, transforming agribusiness in Africa depends on reducing trade barriers, improving infrastructure and enhancing competitiveness. The urban food market alone could reach US$150 billion, with smallholder farmers capturing up to US$30 billion, if adequately supported to scale and to access markets. Women account for 70 per cent of the agricultural workforce, and Africa has the world's youngest population. Inclusive agribusiness can serve as a powerful driver of economic empowerment, gender equity and youth employment. The African Continental Free Trade Area (AfCFTA) offers a once-in-a-generation opportunity to build resilient, self-reliant African food systems.

CONCLUDING INSIGHTS

- Although Africa has received the largest share of global aid for food systems, funding has been heavily concentrated in just the nine countries with the lowest socioeconomic indicators and greatest need for food assistance. In these country contexts, funding serves a life-saving function, though limited when measured on a per capita basis. Humanitarian support, largely from bilateral donors, provides critical targeted aid to populations facing acute food insecurity and urgent livelihood needs. However, despite rising demand, projections reveal a troubling trend: humanitarian funding for food crisis contexts is expected to plummet, with an anticipated drop of over 20 per cent over 2024 levels in 2025. Left unaddressed, this sharp decline in donor support will hit hardest people 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 to end chronic food dependency and restore human dignity.

- This also implies that the remaining half of international food systems financing is thinly spread across 44 other African countries, highlighting the critical role of domestic budgets and alternative sources of capital in driving food systems transformation. For these countries, now more than ever is the time to own their food systems financing strategies. The urgency is clear – but so is the opportunity. The AfCFTA offers a powerful platform to align food systems transformation with broader trade, industrialization and inclusion agendas. Success will depend on matching strategy with ambition – investing in infrastructure, empowering small-scale agrifood entrepreneurs, prioritizing nutrition and building systems that can withstand shocks and deliver for the most vulnerable.

- There is growing momentum behind country-led initiatives and innovative financial instruments that blend 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, particularly those that unlock consumer and agribusiness markets and elevate local agrifood entrepreneurs, is more critical than ever.

- This requires reimagining the financing mix: increasing national budget allocations, forging stronger public-private partnerships and scaling up innovative tools such as blended finance, green bonds and regional food investment platforms. The continent must move from underinvestment to scale by embedding food systems transformation into its own financing frameworks. In so doing, Africa can unlock not only a transformation of its food systems but a generational breakthrough for prosperity, equity and sustainability.

ANNEX: DATA SOURCE AND KEY DEFINITIONS

Data underlying this analysis is collected through the OECD's Creditor Reporting System (CRS), which tracks financing from 50 bilateral donors, 58 multilateral institutions, and 45 private philanthropic partners. The 3FS analysis includes three types of financial flows, together referred to as external development finance:

- **Official Development Assistance (ODA):** development grants and loans to the official sector, INGOs and multilateral organizations that provide a grant element that respects the ODA thresholds. The ODA criteria are defined by the Development Assistance Committee (DAC) members of the OECD. Development financing that does not fall under these thresholds is classified as Other Official Flows.

- **Other Official Flows (OOF):** official sector transactions that do not meet the criteria for Official Development Assistance (ODA), either because they are not primarily aimed at development or because they are not sufficiently concessional. OOF refers to financial flows from bilateral and multilateral donors to developing countries, and they are part of the financing reported to the OECD Development Assistance Committee (DAC). OOF mobilizes financial resources that complement ODA and covers a range of official transactions, including:
  - Loans to the public and private sector that do not meet the criteria to qualify as ODA.
  - Grants linked to commercial objectives rather than direct development goals.
  - Subsidies to private companies aimed at reducing the cost of commercial credit to developing countries.
  - Official loans or grants intended to encourage private sector investment abroad, such as supporting donor country businesses investing in developing countries.

  OOF does not include officially supported export credits, which are reported separately under DAC statistics. OOF plays a complementary role to ODA by expanding the range of official financial flows available to developing countries, especially for sectors or projects with financial viability but with a lower level of concessionality required than ODA. Table 2 provides a summary of the main differences between ODA and OOF.

- **Philanthropy:** Development financing provided by private philanthropic foundations.

TRACKING FINANCIAL FLOWS TO FOOD SYSTEMS

3FS

The Framework to Tracking Financial Flows to Food Systems (3FS) was jointly developed by the International Fund for Agricultural Development (IFAD) and the World Bank to provide decision makers and stakeholders with robust evidence on the scale and distribution of domestic spending and development financial flows to food systems. 3FS empowers national leaders and stakeholders with critical financial intelligence – enabling them to spot financing opportunities, anticipate shortfalls and proactively manage financial risks affecting food systems.

Featuring a user-friendly interface, the framework simplifies complex financial data and food systems concepts into accessible visuals, offering a coherent, comparable overview of financial flows, which helps to inform policy and investment decisions and strengthen mutual accountability.

Importantly, 3FS is not designed to assess the quality or impact of financial flows. Since financing food systems transformation requires more than just increased funding, 3FS data should be used together with complementary analytical and decision-making tools to guide effective investments in food systems.

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