Market hall in Kenema, Sierra Leone.

UN Finance Summit Stalls Urgently Needed Investments in Food Systems

The Fourth International Conference on Financing for Development (FfD4) is a high-level global forum organized by the United Nations to address financing for sustainable development, particularly the implementation of Agenda 2030. In 2025 it takes place against the backdrop of a series of setbacks to achieving SDG2—zero hunger until 2030—with many traditional official development assistance donors scaling back their engagement. The need for additional resources is urgent, but the final draft of the outcome document titled "Compromiso de Sevilla" barely moves beyond the status quo.

MORE FINANCING FOR FOOD SYSTEMS TRANFORMATION IS NEEDED

Global progress in reducing hunger has largely come to a standstill or even worsened since 2015, when Agenda 2030 was adopted. In 2014, before the global community renewed its commitment to end hunger, about 539 million people worldwide were undernourished. Today, 733 million go hungry. Increased investment is needed to realize the Human Right to Food, both in immediate responses to current food insecurity crises and in long-term efforts to transform food systems to address chronic hunger. Every year of delayed or insufficient action rises the cost of achieving Sustainable Development Goal 2 (Zero Hunger). In 2020, the financing gap to achieve SDG2 was estimated at USD 30 billion annually. By 2023, it had risen to around USD 90 billion annually[1].

Addis Ababa Action Agenda, which was the outcome of the Third International Conference on Financing for Development in 2015, included a clear commitment to invest in food security. This time around, resolve is lacking. The final document merely encourages efforts in this regard and places the emphasis on incentivizing private investment.

ODA REMAINS A CRITICAL SOURCE OF FINANCING FOR FOOD SECURITY

Especially in the countries most affected by hunger, official development assistance (ODA) is indispensable. According to the Food Systems Economics Commission, low-income countries would have to invest almost 2% of their gross domestic product (GDP) in the transformation of their food systems - significantly more than middle-income (0.26%) or high-income countries (0.03%)[2]. This unequal burden makes one thing clear: for the global transition to sustainable food systems to succeed and remain fair, a meaningful international redistribution of financial resources is essential.

The current sharp decline in global ODA is already having a negative impact on global food security. In light of this, it is very important that the governments supporting the final draft — except the U.S., which does not endorse it — reaffirm their commitment to the 0.7% gross national income (GNI) for the ODA target and 0.2% GNI for Least Developed Countries target.

1 ZEF: Cost of Ending Hunger – Consequences of Complacency, and Financial Needs for SDG2 Achievement (2024)

2 FSEC: The Economics of the Food System Transformation. (2024)

THE RIGHT TO FOOD REQUIRES FISCAL SPACE

Debt crisis is one of the major factors currently limiting the ability of many developing countries to invest in food security. Existing food systems have contributed to the ongoing debt crisis. Many countries rely heavily on imported staple foods and fertilizers, which force them to earn foreign currency by exporting commodities such as cash crops. This dependency exposes them to volatile or high global commodity prices and hinders investment in more diverse and resilient food systems. A transformation of these systems is urgently needed – for example, by promoting sustainable agriculture, expanding local processing capacities, improving the supply of local markets, and strengthening regional trade.

To achieve this, countries need fiscal space – but this is severely limited by high debt service costs. The FfD4 process once again reveals a lack of solidarity: high-income countries refused to grant the United Nations a mandate to develop a framework convention on sovereign debt.

PRIVATE INVESTMENT IN THE AGRIFOOD SECTOR AND RURAL DEVELOPMENT MUST BE ALIGNED WITH SUSTAINABLE DEVELOPMENT

Private investment plays a vital role in certain key areas of food systems, such as agricultural development and value chains or food systems infrastructure. The primary responsibility of the state is to ensure that private investments in these sectors uphold human rights, promote social equity and align with sustainable development objectives. Thus, governments should put in place and enforce legal frameworks to ensure that private businesses apply Human Rights and Environmental Due Diligence throughout their value chains. Specifically, investments in the agrifood sector should follow the Committee on World Food Security (CFS) Principles for Responsible Investment in Agriculture and Food Systems. Promotion of sustainability certification that addresses food security, for example by applying the Food Security Standard (FSS), further contributes to the realization of the right to food. Before governments engage in promotion of foreign investment in agrifood sector, they should clearly commit to hold international companies accountable for human rights violations.

It is important to point out that small and medium-sized enterprises (SMEs) are the backbone of food production in most low-income countries. Yet three out of four agricultural SMEs in Sub-Saharan Africa lack adequate access to finance. Increasing financial access for small-scale actors in agrifood value chains, including business led by women and young people, is crucial. On this front, the parties to FfD4 seem to agree – the question is which segments of the private sector will be given priority in practice.

Attracting private capital, which take a lot of space in Ffd4 debates, is not a goal on its own – the provisions to align it with social and ecological sustainability are key. This requires clear rules and policy guidance – for example, through targeted industrial policies to build more sustainable and equitable food systems. Such policies enable governments to steer private investments in ways that strengthen local economies. For example, investors might be obliged to procure part of their inputs locally or form partnerships with national companies to promote knowledge transfer. Even if the international discourse on development financing often refers to the creation of favorable framework conditions for private investment, one principle stands: national and regional development strategies must take priority — and the interests of external investors must be subordinated to them.

OUR KEY DEMANDS:

In the context of Fourth Internaional Financing for Development Conference we call on the German federal government to:

- **Fulfill the 0.7 percent GNI target for ODA, including 0.2 percent for Least Developed Countries**, and take the lead in encouraging other donor countries to uphold these commitments.

- Support commitment to a **multilateral mechanism for debt restructuring and relief under UN auspices**

- Constructively engage in the dialogue on a **Binding Mechanism on Business and Human Rights**

- Ensure that all efforts to promote private sector investment are **aligned with national and regional development strategies**

- **Prioritize small-scale actors in agrifood value chains** in all efforts to create an enabling environment for business

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