



Global Donor Platform for Rural Development (GDPRD)

## **BRIEFING PAPER FOR THE N4G SUMMIT**

# Financing Food Systems for Nutrition: Optimizing the Catalytic Potential of Donor Resources

## Background

The French Ministry for Europe and Foreign Affairs will host the 2025 Nutrition for Growth (N4G) Summit in Paris on March 27-28.

The N4G Summit calls for **aligned policies and resources, closing the funding gap, setting bold targets, and implementing robust tracking systems to ensure accountability in advancing global nutrition.** The GDPRD also recognises the large gap in financing sustainable food systems and rural development. Working with its membership to identify how donor funding can be more coordinated and catalytic has become one of its key focus areas.

This brief builds on a [background report](#) developed for the GDPRD's 2024 Annual General Assembly, which examined financing challenges and opportunities for transforming sustainable food systems and rural revitalization. The paper advocates for catalytic, integrated, and innovative financing approaches that not only strengthen sustainable food systems, but also drive measurable nutrition outcomes. Better alignment between public, private, and international development financing will be essential for scaling the impact of investments in sustainable food systems and rural development.

As part of its contributions to the 2025 global financing agenda, specifically to ensure that food and nutrition are featured high in the ongoing and upcoming negotiations, the GDPRD is preparing a comprehensive white paper to inform discussions ahead of key global events, such as the Fourth International Conference on Financing for Development (FfD4), the UN Food Systems Summit (UNFSS+4) Stocktaking Moment, and the UN Climate Change Conference (UNFCCC COP 30). The white paper, developed as an informal contribution to the FfD4 conference by Platform members, will serve as a key reference document for donors throughout this critical year.

### **– Nutrition for Growth (N4G) Summit Goals**

The N4G Summit is calling for all countries and their development partners to respond to key financing challenges by focusing on a number of priority areas. The most pressing challenge is **addressing the current funding gap for nutrition, which the World Bank estimates at an annual US\$13 billion shortfall.**<sup>1</sup>

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<sup>1</sup> <https://openknowledge.worldbank.org/bitstreams/3a46f744-c976-440d-afa4-636e4833db71/download>



To address this gap, countries are encouraged to set **measurable costed national nutrition plans**, **establish clear funding targets**, and **implement robust tracking systems to ensure accountability**. Aligning nutrition policies and resources across health, agriculture, education, gender, and climate action is essential to maximize impact. The N4G Summit also emphasizes that **strong political will and substantial financial commitments** are essential to effectively combat malnutrition. Therefore, the Summit also serves as a platform for stakeholders to make concrete political and financial commitments.

As in all areas of sustainable food systems, the **private sector plays a vital role in addressing malnutrition**. Thus, better and increased cooperation initiatives between public and private entities can lead to innovative solutions and increased funding, provided they are balanced with ethical considerations such as acknowledging that regulation is necessary to frame high sugar, fat, salt and processed food. Additionally, implementing **robust tracking systems and accountability frameworks** ensures that financial commitments made in line with the Summit translate into tangible outcomes.

Overall, bridging the nutrition funding gap requires coordinated investments, bold national targets, integrated policies, strong political and financial commitments, active private sector participation, and effective accountability measures.

## Financing sustainable food systems: Challenges and opportunities

### – **Financing gaps and high costs**

Despite historic levels of Official Development Assistance (ODA) in recent years, the Sustainable Development Goals (SDGs) are still out of reach. This situation is particularly acute for SDG2, Zero Hunger: the world is not on track to achieve a single one of the seven global nutrition targets by 2030. In fact, the 2024 State of Food Security and Nutrition in the World (SOFI) report<sup>2</sup> estimates that one out of every eleven people globally suffers from hunger, with 2.33 billion people facing moderate or severe food insecurity, and nearly a third of the world's population unable to afford a healthy diet. The SOFI projects that 582 million people will still be chronically undernourished by 2030.

The estimated costs of transforming sustainable food systems range from US\$13 billion to US\$400 billion annually, depending on the scope of the goals. The costs of ending hunger are at the lower end of estimates, while a complete transformation of sustainable food system to ensure everyone can afford a healthy diet and the environment is protected, are at the higher end. The hidden costs of the global food system for health, the environment and social factors are estimated at US\$12 trillion per year.

With the current turmoil in the development sector, national budgets being under pressure, donor fragmentation, and reductions in ODA, this gap will only continue to grow. This creates a need for available ODA to be used as strategically and catalytically as possible.

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<sup>2</sup> [FAO, IFAD, UNICEF, WFP and WHO. 2024. The State of Food Security and Nutrition in the World 2024 – Financing to end hunger, food insecurity and malnutrition in all its forms. Rome.](#)



## – Catalytic use of ODA and blended finance

Traditional donor funding methods have proven inadequate to meet global nutrition targets or achieve sustainable food systems transformation. Over the last year, the GDPRD's work on financing for sustainable food systems has called for a shift toward a catalytic approach, where ODA is leveraged to attract additional public and private investments. Indeed, the N4G Summit also encourages this approach, calling for nutrition commitments to *“pool or align different financial resources and instruments toward joint goals ... [including] grants, concessional finances, domestic resources and private sector financing, through catalytic, pooled or co-financing mechanisms.”*<sup>3</sup>

**Blended finance** is seen as an important strategy to mobilize commercial finance from development finance institutions (DFIs) and private investors. It combines concessional funds (e.g., grants, concessional loans) with commercial finance to attract private capital into higher-risk projects, particularly in low-income and conflict-prone regions. Ultimately there is need to scale up investments by the private sector into the food system. There is some evidence that effective blended finance instruments can mobilize up to four times the amount of private finance per dollar of donor funding<sup>4</sup>. However, to date, such instruments have not been operated at scale and so private sector financing remains relatively low.

## – Innovative financing mechanisms

A significant number of innovative financing mechanisms have been established over recent years to raise private and public capital, de-risk investments, create incentives for sustainable practices, pay for environmental services, improve access to finance for SMEs, and provide the technical assistance needed for bankable and commercially viable operations. A key reflection from the 2024 AGA background report is that **what makes financing innovative is not a specific mechanism, but rather how mechanisms are integrated and the formation of new partnerships between financing and delivery entities**. A well-coordinated financing ecosystem that connects capital markets, ODA funding, financing brokers, intermediary organizations, technical support, value chain development, and policy reform is required to scale finance for sustainable food systems and ensure that financial flows are effectively aligned with impact goals.

**Impact investing, multi-donor funds and trust funds** can help bridge financing gaps by de-risking investments, especially for smallholders and SMEs, which is a key challenge. **Insurance mechanisms** and **information and communications technologies (ICT)-based mechanisms** can also reduce risks for smallholders and SMEs and increase their bankability.

Agriculture is a major contributor to greenhouse gas emissions and is dramatically impacted by climate change. Creating climate resilient food systems will be critical for achieving the SDGs and longer-term sustainability objectives. However, only about four per cent of climate finance currently supports agriculture, forestry, and related sectors. Additionally, climate change has demonstrated effects on both the quantity and quality of foods, increasing anti-nutrient composition and reduction of nutrient bioavailability<sup>5</sup>. Increased **climate finance** directed toward

<sup>3</sup> [https://nutritionforgrowth.org/wp-content/uploads/2025/02/N4G-Summary-thematic-recs-EN\\_FINAL-web.pdf](https://nutritionforgrowth.org/wp-content/uploads/2025/02/N4G-Summary-thematic-recs-EN_FINAL-web.pdf)

<sup>4</sup> Perera, O., Smaller, C., El Harty, K. and Lefebvre, L. 2024. [Unleashing the Catalytic Power of Donor Financing to Achieve Sustainable Development Goal 2](#). Global Donor Platform for Rural Development and Shamba Centre for Food & Climate.

<sup>5</sup> <https://www.frontiersin.org/journals/climate/articles/10.3389/fclim.2022.941842/full>



agriculture and sustainable food systems, with an emphasis on sustainable practices that enhance resilience to climate change while also improving nutrition, is essential.

### – **Nutrition-sensitive investments**

Within a broader set of innovative financing mechanisms for sustainable food systems, a number of initiatives have been created to specifically address nutrition goals. For example:

The [Power of Nutrition](#) is an excellent example of a **multi-donor fund** that uses pooled funds to create leverage for maximized nutrition impacts. Co-founded in 2015 by the British Government, the Children’s Investment Fund Foundation and UBS Optimus Foundation, the Power of Nutrition’s explicit goal is to maximize financing for nutritional goals. Their model of co-financing and co-designing, including with national nutrition programmes, increases their financial leverage to *“invest in bigger programmes that break down traditional silos in international development ... and run programmes in partnership with local governments through to local communities, ensuring local ownership and long-term sustainability.”* Further, the Power of Nutrition emphasizes M&E, with extensive knowledge-sharing activities, to ensure impact and scalability.

The [Nutritious Foods Financing Facility \(N3F\)](#) uses a **blended finance model** to focus on improving diet quality and nutrition in Sub-Saharan Africa. As a partnership between Incofin and the Global Alliance for Improved Nutrition (GAIN), N3F blends public and private funds to attract additional capital and lower risk. N3F focuses on high-impact projects and *“supports SMEs that produce and distribute high-quality nutritious food, empowering local communities and boosting economic growth ... investments help scale these businesses, increasing their capacity to serve lower-income households in Sub Saharan Africa.”*

## Policy recommendations toward N4G and beyond

**1. Enhance donor and multi-sectoral coordination:** N4G Paris calls for nutrition integration into broader development efforts, including health, agriculture, education, gender and climate action. Donors must work together to achieve multisectoral policy coherence and transform food systems holistically. In tandem, a multi-sectoral, coordinated approach that leverages both public and private financing to address these gaps effectively is needed. Better alignment between public, private, and international development financing will be key for enhancing the scale and impact of investments in sustainable food systems and rural development. Effective donor coordination is vital, particularly in fragile and conflict-affected areas, where resources are limited and needs are significant, as is addressing gender disparities in food systems, as women and girls disproportionately suffer from malnutrition and micronutrient deficiencies.<sup>6</sup>

**2. Building a positive narrative around investment returns:** To shift the mindset of national governments and attract private investment, the financing narrative should be one of opportunities and returns, rather than emphasizing challenges and financing gaps. It is essential to position nutritious food systems as a viable business opportunity, incentivizing greater private sector engagement. Donors can play a key role in championing nutrition-sensitive investments

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<sup>6</sup> [https://nutritionforgrowth.org/wp-content/uploads/2025/03/3-Nutrition-gender\\_Final2.pdf](https://nutritionforgrowth.org/wp-content/uploads/2025/03/3-Nutrition-gender_Final2.pdf)



by supporting the necessary brokering, intermediary organizations and de-risking of private capital to scale-up investments.

**3. Strengthening smallholder and SME finance:** Small-scale producers and SMEs play a crucial role in supplying nutritious food, yet they face significant barriers to accessing finance due to high perceived risks and limited collateral. Strategic financial aid from DFIs and multilateral development banks (MDBs) is crucial in providing concessional finance, equity investments, and guarantees to bridge the funding gap for these SMEs. Donors must support the “missing middle” to ensure greater access to affordable finance for smallholders and SMEs.

**4. Tackling structural constraints:** Donors can play an important role in supporting initiatives and policy reforms which help to tackle the structural constraints to financing, which include marginalization of low-income countries in the global financial system, structural underinvestment by national governments and weak enabling policy environments, insufficient ODA and climate finance for food and agriculture, and low-risk appetites of IFIs.

**5. Enhancing an integrated food systems financing ecosystem:** Effective financing of sustainable food systems transformation requires a sophisticated alignment of not only financing mechanisms but also value chain coordination, technical assistance and policy support. Donors can explicitly support this with better coordination and by taking an integrated approach to financing and to the more technical aspects of sustainable food systems transformation.

**6. Strengthening monitoring, coordination and transparency:** Greater data alignment between donors, DFIs, and recipient countries is essential. More accurate and harmonized data on financial flows and reporting and reporting in investment impacts can improve accountability, reduce redundancies, and optimize resource allocation.

## Conclusions

As the development community approaches the N4G Summit in Paris, this brief calls for a concerted, multi-stakeholder effort to address the substantial gaps in financing nutrition. Innovative financing approaches, repurposing public support, and enhancing donor coordination can all support the leveraging of both public and private resources for increased momentum toward ending hunger and improving global nutrition.

Donors can make a difference; however, they will need to re-orient their investments to be more coordinated with others and more supportive of leveraging private finance, particularly through risk mitigation including blended financing, while also thoughtfully considering the ethical issues surrounding the inclusion of private stakeholders. Further, they need to support policy reform within global financial systems, IFIs, national governments, and within their own countries, to create a better enabling environment for the integration of public and private financing for the transformation of sustainable food systems that can eliminate malnutrition in all forms.

N4G Paris Summit is the first of series of critical global events in 2025 that have the potential to reshape how food systems transformation and nutrition can be financed into the future. It will be important that the N4G summit provide specific recommendations on the financing of nutrition that can be taken forward into these other forums.