

New UN Report Warns Africa Faces Massive Agrifood Financing Gap as Hunger Rises

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A new joint report by the Food and Agriculture Organisation of the United Nations (FAO), the United Nations Economic Commission for Africa (ECA), the World Food Programme (WFP) and the African Union Commission (AUC) highlights the enormous gap between current public and private financing of agriculture and the level of financing needed to transform Africa's agrifood systems. It also affirms the continuing rise in hunger and food insecurity across Africa, underscoring the urgency for substantial and sustained financing to transform agrifood systems.

The latest Africa Regional Overview of Food Security and Nutrition highlights that overall, there has been a general upward trend in government expenditure on agriculture, forestry, and fishing in Africa since 2018. This sustained growth, while encouraging, remains insufficient to meet the targets for ending hunger and transforming agrifood systems, especially given ongoing fiscal pressures in many African countries.

External flows such as official development assistance showed only modest increases during the reporting period, with less than 27 per cent allocated to food security and nutrition.

Private investment remains alarmingly low. Bank credit to agriculture accounts for less than four per cent of total credit, and foreign direct investment (FDI) in food and agriculture remains highly concentrated and far below potential, with annual flows often below \$2 billion in the sector.

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Unlocking new sources of finance

To make meaningful progress, the report calls for a strengthened policy and institutional environment that encourages public-private collaboration and de-risks agrifood investments. It outlines a roadmap that includes enhancing access to affordable credit, building the capacity of small and medium-sized enterprises, and leveraging climate finance and blended finance solutions.

“Financing for agrifood system transformation in Africa should provide the financial resources that contribute to the eradication of hunger, food insecurity, and malnutrition in all its forms,” stated the heads of the four co-publishing institutions: the FAO Assistant Director-General and Regional Representative for Africa Abebe Haile-Gabriel; the Deputy Executive Secretary and Chief Economist of ECA Hanan Morsy; the Commissioner for Agriculture, Rural Development, Blue Economy and Sustainable Environment of the AUC, Moses Vilakati; and the Assistant Executive Director of WFP Rania Dagash Kamara, in the report’s joint foreword. “The findings call for urgent actions and increased financing for a sustainable transformation of agrifood systems in Africa.”

Hunger on the rise in Africa

For the eighth year in a row (since 2017), hunger has increased in Africa. The report finds that there are an estimated 306 million people undernourished in Africa – more than 45 per cent of the global total. Meanwhile, 892 million people face moderate or severe food insecurity, driven by conflict, climate shocks, economic downturns, and widening social inequalities.

The average cost of a healthy diet in Africa is now \$4.41 purchasing power parity (PPP) dollars per person per day, an increase of 5.5 per cent from 2023. This is much higher than the extreme poverty threshold of 2.15 PPP dollars per person per day, suggesting that not only the poor but also a proportion of people defined as non-poor cannot afford a healthy diet. A staggering 67 per cent of Africa’s population could not afford a healthy diet in 2024, compared to about 32 per cent globally.

Stunting among children aged under 5 in Africa was over 30 per cent in 2024, still high despite improvements. Wasting among the same age group was 5.4 per cent, below the global average of 6.8 per cent.

Recommendations for action

Increased and better-targeted financing must be coupled with bold policy reforms, innovations in financial instruments, and a concerted effort to ensure inclusivity – especially for women, youth, and smallholder farmers, the report states.

Among the opportunities highlighted is the strategic use of blended finance. Between 2020 and 2023, Africa saw 99 blended finance deals in the agrifood system, totalling \$3 billion. However, many of these deals targeted large companies, with smaller, more nutrition-relevant enterprises still struggling to access capital.

The report also spotlights climate finance as an untapped opportunity. In 2021/2022, Africa received \$44 billion in climate finance – a 48 per cent increase from two years earlier – yet still far below the \$250 billion annual target needed to meet the continent’s climate goals. Aligning climate finance with food systems transformation through innovative financial instruments and scalable partnerships will be key to building resilience.

The report emphasises that reversing food insecurity trends and achieving nutrition targets will require a dramatic scale-up in financing from all sources – public, private, domestic, and international. It advocates for governments and development partners to coordinate investments, prioritise policies that foster inclusivity and sustainability, and support Africa’s agrifood systems as engines of growth, health, and resilience.

Notably, it highlights the role of key continental frameworks, such as the African Union’s Comprehensive Africa Agriculture Development Programme (CAADP) and the African Continental Free Trade Area (AfCFTA), in fostering an enabling environment for financial flows.