AgriBridge

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Financing Africa's Agrifood Systems:
From fragmented finance to coalition-based agrifood investment

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The executive summary and the full version of this policy note are available for download via the following QR code:

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Core message:

African agrifood systems do not simply need more finance. They need finance that is better coordinated, targeted to local realities and accountable for impact. Coalition-based finance means bringing all agrifood systems stakeholders together around shared priorities, with clear roles and transparent accountability mechanisms. This can help translate strategies into concrete investments and ensure that finance reaches and benefits those actors who drive the transformation of the continent's agrifood systems.

Executive summary

Persistent underinvestment in African agrifood systems cuts across public budgets, development finance and private sector flows. Transforming Africa's agrifood systems by 2030 was estimated to require annual investments of USD 76.8 billion per year, including USD 15.4 billion from the public sector and USD 61.4 billion from the private sector (Omamo and Mills, 2022). While this estimate provides a useful baseline, inflation, exchange-rate pressures, and tightening fiscal space means that the real financing challenge is likely larger and more complex in 2026. Yet, financing flowing into agrifood systems transformation remains fragmented and not as the scale needed to achieve transformative impact: public finance, overseas development assistance (ODA), public development banks (PDBs), private investors and local financial institutions often operate through separate and uncoordinated instruments, short project cycles, and weakly connected pipelines of bankable programs.

> Financing remains fragmented and not as the scale needed to achieve transformative impact

Public finance remains essential, but fiscal constraints and implementation bottlenecks limit many governments' ability to translate the commitments of the Comprehensive African Agriculture Development Program's (CAADP) Kampala Declaration into catalytic investment for agrifood systems transformation. While ODA is small relative to total needs, it plays a strategic role when it supports public goods, institutions, risk reduction and market creation. Private finance can help scale up investment in processing, storage, logistics, cold chains, digital services and local agribusinesses, provided that policymakers establish legal and regulatory frameworks that improve investment security and help manage risks. These frameworks should also ensure that private investment supports food security, social inclusion and climate resilience and thereby contributes to long-term sustainable development.

The financing gap is also an inclusion gap. Women, youth, smallholders, pastoralists and agrifood SMEs are central to food supply, employment, value creation and resilience, but they remain underserved by mainstream financial systems. Agri-SMEs account for nearly 80 percent of food supply in Africa south of the Sahara (SSA), and the cost of excluding women from finance and markets is substantial (Malabo Montpellier Panel, 2025). Financing agrifood systems should, therefore, not only raise productivity,

but support fairer risk-sharing approaches, distribute risks, costs, and benefits more equitably along value chains, strengthen resilience, and create value for people, local economies, societies, ecosystems and public institutions.

Moreover, stakeholder coalitions must be placed at the center of the finance debate. This brief argues that finance becomes transformative only when coalitions co-define priorities, assign roles against which they are held accountable, test instruments in real contexts (policy and innovation labs), and track whether finance reaches underserved actors.

As an African-German policy network, AgriBridge sets out how German ministries, parliamentarians and development banks, in dialogue with African governments, regional institutions, public development banks and private investors, can better support African-owned agrifood systems financing priorities.

Policy recommendations and key messages

Drawing on the analysis in this policy note and on practical examples - from input-market financing for pastoralists in the Sahel, digital finance instruments for youth in Kenya, trade credit guarantees for women-led agrodealers in Uganda, and structured finance for cold-chain and smallholder-linked value chains in Rwanda and Kenya — the AgriBridge network sets out the following strategic policy recommendations. They aim to accelerate and better coordinate financing flows into agrifood systems at the scale needed to support the transformative ambitions of Agenda 2063 and the CAADP Kampala Declaration.

1. Turn strategies into action

The German Government, African governments, PDBs and regional institutions should set up and institutionalize multi-stakeholder agrifood financing coalitions at national and regional levels. These coalitions can bring together ministries of finance, economy and agriculture, PDBs, private investors, representatives of SMEs, women-led enterprises, youth agripreneurs, farmers' and pastoralist organizations, civil society, producer organizations and regional research and development organisations as early as the planning phase. Their role should be practical: identify financing gaps, advise on public and development finance priorities, co-develop bankable program pipelines, coordinate public and private financing instruments, and align investments with CAADP Kampala commitments, National Agrifood Systems Investment Plans (NASIPs), the AfCFTA, and Agenda 2063.

Target groups: German ministries and parliamentarians; African governments; regional institutions; development banks; donors.

2. Put public, development and private finance to work

Agrifood systems finance should be based on clearly defined, complementary roles within a coalition.

- **Public finance** and ODA should support public goods, institutional capacity and enabling policy frameworks that promote risk reduction, market creation, inclusion and equality. PDBs and Development Finance Institutions (DFIs), including KfW and AfDB, can apply various instruments, such as guarantees, local-currency finance, concessional and repayable finance, trade credit facilities and technical assistance to take on appropriate risk and reach actors that commercial finance does not yet serve, working through local financial intermediaries where possible.
- **Private finance** should scale responsible investment in domestic agri-SMEs and midstream value-chain functions such as processing, storage, logistics, cold chains, digital services and local agribusinesses.
- **Blended finance** and guarantee instruments should complement, not replace, ODA and should be assessed against transparency, additionality and development impact criteria.

Where debt burdens constrain fiscal space, debt relief, restructuring or debt swaps linked to food security and resilience should be considered if transparently governed and aligned with national investment plans.

Target groups: African ministries and parliaments; BMZ, KfW and German parliamentarians; public development banks; DFIs; private investors.

3. Design finance for diverse agrifood realities

Financing instruments must be co-created with the actors they serve and adapted to women-led enterprises, youth agripreneurs, agri-SMEs, smallholder farmers and pastoral communities. This means moving beyond primary production to financing the „missing middle“ - processors, storage providers, logistics actors, local input suppliers, cooperatives and service providers that connect farmers to markets. Regional public goods — including cross-border trade infrastructure, pastoral corridors, market information systems, climate-risk insurance, early-warning systems and adaptation measures— need targeted and tailored financing.

Target groups: African governments; regional economic communities; development banks; donors; local financial institutions; private investors.

4. Make agrifood finance accountable for impact

Public, concessional and blended finance should disclose objectives, subsidy levels, risk-sharing arrangements, target groups and expected development outcomes. Where finance relies on digital tools, satellite data, alternative credit scoring or platform-based services, accountability should also cover data governance, data sovereignty, intellectual property (IP) protection and fair benefit-sharing. The success of agrifood systems financing should be measured not only by the level of capital mobilized, but by whether finance reaches women, young people, SMEs, smallholders and pastoralists; whether it strengthens local value chains; reduces climate and market risks; and contributes to food and nutrition security, building decent livelihoods and resilience. Where public subsidies or guarantees are used to mobilize private investment, they should be justified by additionality, reviewed over time, and phased out as markets become commercially viable.

Target groups: Governments; parliaments; donors; development banks; private investors; civil society; farmer organizations; research actors.

What policymakers can do now to implement these recommendations

For policymakers, the central task is to move from fragmented financing instruments toward coordinated coalitions that assign roles, adapt finance to local realities and prove impact.

1. Finance and set up multi-stakeholder platforms that connect CAADP, NASIPs, AfCFTA and Agenda 2063 to national budgets and expenditure frameworks and raise accountability around these issues.

2. Require transparency, additionality and impact tracking for public, concessional and blended finance, including whether finance reaches underserved actors and strengthens food security, resilience and local value creation

3. For German policymakers, this means translating the four recommendations into concrete support for African-owned coordination platforms, KfW and African risk-sharing mechanisms that reach SMEs and local value chains, and stronger transparency requirements for all actors using German public or concessional resources.

1. Introduction: why agrifood systems finance needs a coalition approach

Despite the socio-economic importance of agrifood systems for most African countries, persistent underinvestment in the sector remains glaring. Numerous reports, including the 16th Malabo Montpellier Panel report on policy innovations to finance Africa's agrifood systems (Malabo Montpellier Panel, 2025), indicate that funding gaps across public budgets, development finance and private sector flows as a key structural barrier to sustainable, inclusive and resilient agrifood systems transformation on the continent. This gap is further exacerbated in fragile and conflict-affected settings, where financing risks are higher and investment flows remain limited. Recurring global crises, rising energy and food prices, and tightening fiscal space have further constrained both public and external financing. Recent OECD-FAO projections also underline that future agricultural growth will depend largely on productivity gains, while producers and agrifood value chains remain exposed to market volatility, climate risks and rising production costs (OECD-FAO 2026). This translates directly into rising food insecurity and malnutrition across the continent, compounded by multidimensional poverty and inequality (FAO 2025).

While there is a multiplicity of financing sources across the public and private sector, the total amount mobilized remains below expectations. Estimates suggest that transforming Africa's agrifood systems by 2030 would require annual investments of USD 76.8 billion, including USD 15.4 billion from the public sector and USD 61.4 billion from the private sector (Omamo and Mills, 2022). Yet crowding in private investment remains difficult because of weak pipelines, limited infrastructure, real and perceived risks, and financial instruments that are poorly adapted to smallholders, pastoralists, women, youth and SMEs (Ambler et al., 2023). Investment patterns are also skewed: production-related activities often receive more attention than midstream functions such as aggregation, processing, storage, transport and logistics, where many local enterprises and agri-SMEs create value and connect farmers to markets but often struggle to access appropriate finance.

> Coalition-based finance refers to coordinated action around shared priorities, clear roles and transparent accountability mechanisms.

Strengthening the link between trade and finance is critical for transforming Africa's agrifood systems. Financing aggregation, processing, storage, logistics, quality infrastructure and digital market systems is not only a value-addition agenda; it is a pull-factor and prerequisite for operationalizing the AfCFTA, implementing the CAADP Kampala Declaration, and advancing Agenda 2063. These priorities are part of a wider African-owned financing agenda, reflected in NASIPs, the role of African PDBs, regional research and development architectures such as the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA), the Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA) and the West and Central African Council for Agricultural Research and Develop-ment (CORAF), and emerging initiatives such as the New African Financial Architecture for Development (NAFAD)[1]. Stronger links between trade, finance and agrifood transformation require partnerships that bring together governments, public development banks, private investors, development partners, farmers' organizations, SMEs, research institutions and civil society around shared investment priorities. For AgriBridge, this underlines the need for policy dialogue that connects trade, finance and agrifood systems transformation rather than treating them as separate policy agendas.

The question is, therefore, not only how German ODA can leverage private capital, but how African finance institutions and their partners can collaborate in support of African-defined investment priorities. This policy note, therefore, shifts the focus from „more finance" to coalition-based finance: finance that is coordinated around national and regional priorities, built on clear roles, adapted to local realities, and accountable for measurable development impact. In this note, coalition-based finance refers to coordinated action by governments, development partners, PDBs, private investors, local financial institutions, civil society, research actors and producer organizations around shared priorities, clear roles and transparent accountability mechanisms.

This is also where AgriBridge adds value as an African-German policy network: by co-creating policy recommendations with African agrifood systems actors, drawing on selected member-led examples, and bringing the resulting findings into direct dialogue with German policymakers and development cooperation actors.

Methodological note: agricultural ODA and broader agrifood systems finance

To avoid conflating different financing categories, this note distinguishes between agricultural ODA and broader external development finance to agrifood systems. For cross-country comparisons of agricultural ODA, this note relies primarily on OECD CRS data, as it provides the most comprehensive and standardized source for tracking official development finance across countries and donors (OECD, 2026). Agricultural ODA, however, covers only a specific part of the financing needed for agrifood systems transformation.

The IFAD and World Bank-led Tracking Financial Flows to Food Systems (3FS) framework provides a complementary lens because it tracks financial flows to food systems more broadly, including agriculture and value chains, food-systems infrastructure, nutrition and health, social assistance including emergency food assistance, and climate change and natural resources (IFAD, AKADEMIYA2063 and IFPRI, 2025). Where OECD data is used, the note refers to agricultural ODA; where 3FS data is used, it refers more broadly to external development finance for food systems.

1 NAFAD is part of the African Development Bank President's strategic vision to strengthen collaboration among African financial institutions, mobilize larger pools of capital and help address Africa's development financing gap.

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2. The financing problem: not simply too little finance, but fragmented finance

African agrifood systems face a persistent financing imbalance. On the one hand governments have committed to increasing public investment in agriculture, including through CAADP's Maputo, Malabo, and Kampala declarations, yet budgetary allocations often remain below agreed targets and are insufficient to close the continent's growing investment gap. On the other hand, it becomes apparent that the challenge is not simply insufficient finance, but fragmented and poorly coordinated financing systems (AUDA-NEPAD, 2026). Public investment remains indispensable, but on its own it cannot mobilize the scale of investment required for agrifood systems transformation. Financing approaches, therefore, need to better integrate domestic resource mobilization, public investment, development finance, commercial capital, blended finance and accountable investment partnerships across agrifood value chains. In this context, strengthening and leveraging complementarity and synergies between public finance and private capital has become essential.

The lack of support to women to expand their access to finance and integration into markets has reduced Africa's GDP by USD 316 billion by 2025

Thus, the imbalance is not only about funding volume. Allocation and efficiency of public spending are just as important. Financing should not only raise productivity, but create value for people, local economies, societies, ecosystems and public institutions. Public domestic funding to agrifood systems can include subsidies, agricultural research, extension, price support, roads, rural electrification, irrigation systems and other infrastructure, depending on national priorities (Jambo and Traub, 2023). When well invested in public goods such as research, extension and targeted infrastructure, public finance also drives innovation, bridges market failures, and crowds in private investment (Mogues et al., 2012). However, public budgets are constrained by limited revenue growth, rising debt burdens, competing social priorities, and ministerial responsibilities, delayed disbursement, seasonality, ineffective public financial management, and high reliance on unpredictable, delayed or tied donor funding within public expenditure frameworks (Pernechele et al., 2021). This challenge is reinforced by a wider deterioration in external financing conditions: rising borrowing costs, shorter maturities and higher interest payments are reducing the fiscal space available to many developing countries for public investment in infrastructure, services and resilience (UNCTAD, 2026). These challenges undermine governments' capacity to deliver on budgetary commitments, align agricultural priorities with medium-term expenditure frameworks, and use public resources catalytically to mobilize development finance and responsible private investment.

Private domestic and external finance, including farmers' own investment, is central to scaling commercially viable agrifood investment. Yet, private flows often remain insufficiently aligned with broader development objectives such as food security, nutrition, climate resilience and inclusion. Mobilizing private investment is constrained by barriers on both sides of the market: agri-SMEs and smallholder farmers often face limited market access, weak market aggregation, inadequate infrastructure and insufficient collateral, while financial institutions often lack the financial products that reflect the risks, cash flows, and seasonal realities of agrifood production. As a result, many smallholders and agri-SMEs lack the risk-mitigation tools and tailored financing options that would be necessary for scaling operations and drive commercialization.

ODA remains small compared with total financing needs (Donor Tracker, 2026), but it plays a strategically outsized role where it addresses structural barriers, finances public goods, strengthens institutions and reduces risks for responsible investment - particularly when used as part of broader public finance, blended finance and market-shaping approaches (OECD, 2018; OECD, 2021). Agricultural ODA remains limited as a share of total ODA, while the broader 3FS classification shows that social assistance, primarily emergency food assistance, accounts for a significant share (23 percent) of foreign development finance to African food systems (IFAD 2025). Emergency food assistance remains indispensable in response to acute crises, conflict, climate shocks and natural disasters. Yet high levels of crisis-related spending reduce the scope for longer-term investments in resilience, infrastructure, value chains and sustainable food systems development. Addressing root causes of food crises, including conflict, fragility and climate vulnerability, is, therefore, essential for shifting scarce development finance from short-term response toward transformation. The recent FAO-WFP Hunger Hotspots analysis underlines this pressure: acute food insecurity is expected to worsen in several crisis contexts, while funding for food assistance, emergency agricultural assistance and nutrition has declined sharply, reinforcing the need to address root causes while protecting life-saving support (FAO and WFP, 2026).

Finally, the financing gap is also an inclusion gap. Women, youth, smallholders, pastoralists and agri-SMEs are central to production, employment and food supply, but remain underserved by mainstream financial systems. Agri-SMEs account for nearly 80 percent of food supply in SSA, while limited access to finance continues to constrain their potential (Malabo Montpellier Panel, 2025). The economic cost of exclusion is substantial: the lack of support to women to expand their access to finance and integration into markets has reduced Africa's GDP by USD 316 billion by 2025 (Moodley et al., 2019). Inclusive finance is, therefore, not a secondary social objective; it is central to agrifood systems transformation.

Core message

The central challenge is not simply that finance is insufficient. It is that finance is fragmented, weakly coordinated, unevenly targeted and insufficiently accountable for reaching the actors who drive transformation. Coalition-based finance responds to this by turning strategies into pipelines, clarifying roles, adapting instruments to local realities and tracking impact. To avoid creating new bureaucratic layers, this should start from existing processes and institutions – including NASIPs, CAADP review mechanisms, national budget processes, public development banks and regional platforms – and strengthen their ability to coordinate finance around shared investment priorities.

3. From strategies to concrete action

While continental, regional and national frameworks — including Agenda 2063, the Kampala CAADP Declaration, NASIPs and the AfCFTA — provide important policy direction, but they do not automatically translate into investable projects. A recurring constraint across the agrifood finance landscape is the lack of viable investment pipelines, especially for SMEs and midstream actors (Ambler et al., 2023). Another constraint is the fragmentation of financing instruments: public budgets, official development assistance (ODA), blended finance, guarantees, climate funds, and private capital often operate through separate funding windows and are subject to different requirements and timelines. This policy note, therefore, calls on governments, PDBs, donors and regional institutions to strengthen coordination mechanisms that better connect policy priorities, budget planning, and project preparation with suitable financing instruments.

Multi-stakeholder agrifood financing coalitions (Table 1) should not necessarily be new institutions. Where possible, they should be linked to existing structures such as the NASIPs or CAADP coordination mechanisms, and be facilitated through PDBs, Regional EconomicCcommunities or national investment planning bodies. These coalitions should bring together ministries of finance, economy and agriculture, parliaments, research institutions, central banks, PDBs, private investors, SMEs, farmers' organizations, women's and youth enterprises and civil society. Their role should be practical: identify financing priorities and gaps, advise on public and development finance decisions, improve the enabling (regulatory) environment for investment. This is closely aligned with the 5th CAADP Biennial Review, which calls for National Agri-Finance Strategies co-owned by ministries of finance and agriculture, linked to medium-term expenditure frameworks and designed to define financing mixes, finance enablers and crowd-in targets across value-chain nodes (AUDA-NEPAD 2026). To avoid remaining parallel planning documents, these strategies should be formally integrated into budget processes, expenditure frameworks, and accountability mechanisms.

Table 1: The role of multi-stakeholder agrifood financing coalitions

What coordination platforms should do	Why it matters
Map financing gaps and underserved actors	Makes visible where women, youth, SMEs, pastoralists and midstream actors are excluded.
Develop bankable pipelines	Turns policy priorities into investable projects instead of leaving strategies unfunded.
Match instruments to needs	Links guarantees, grants, concessional loans, insurance and private capital to specific constraints, while fostering coordination and encouraging replicable structures that reduce transaction costs and can be scaled across similar actors or value chains.
Coordinate across institutions	Reduces fragmentation between ministries, donors, development banks, private investors and local actors.
Track impact and accountability	Ensures that finance reaches target groups and contributes to food security, resilience and local value creation.

Box 1: The prospects of a Central Livestock Feed Purchasing Agency

The proposed Central Livestock Feed Purchasing Agency (CAAB) for the Sahel region shows why pipeline development and institutional coordination matter. In pastoral systems, financing cannot be separated from access to strategic inputs such as livestock feed. By pooling purchases, structuring contracts and organizing regionalized distribution through feed banks and pastoral organizations, such an agency could reduce vulnerability and help structure a more investable pastoral input market. The main challenge is not only its legal form but building a credible institutional framework that brings together pastoral organizations, states, private actors, digital innovation and regional institutions. Regional research networks can add value by providing market intelligence, feed-demand analysis, climate-risk information and technical validation, helping to make such collective procurement mechanisms more credible and bankable. The full case study is included in Annex A.

This approach is particularly relevant for German development cooperation. BMZ, KfW, GIZ and German parliamentarians can support African-owned platforms that connect policy dialogue, technical assistance, financial intermediary services and pipeline development. This would allow German ODA to move beyond fragmented short-term projects and support the institutional infrastructure needed for long-term agrifood systems investment.

4. Putting public, private and development finance to work

Agrifood finance should be based on a clearer division of labor within agrifood financing coalitions, not on rigid separation between public and private actors. Public finance, ODA, public development banks, DFIs and private capital each have comparative strengths. The purpose of clarifying roles is to strengthen complementarity and draw out synergies: public resources should reduce risks, provide public goods and build markets in ways that allow responsible private investment to scale where it can deliver the most transformative development impact (Jambo and Traub, 2023; Mogues et al., 2012). The AfDB's New African Financial Architecture for Development (NAFAD) forms part of broader, African-led efforts to mobilize and structure capital, and shows great promise. Its impact on agrifood systems should then be assessed in how far it increases inclusive financing for SMEs, women and young people, smallholder farmers and pastoralists, strengthens regional value chains, and meets standards for financial transparency and accountability.

Public finance plays a foundational role in providing essential public goods and services, such as infrastructure, research, education, health, extension and enabling policy frameworks. A key lesson from CAADP implementation is that agrifood priorities must be translated into national budgets and medium-term expenditure frameworks, including through NASIPs, National Agri-Finance Strategies, and Kampala CAADP implementation processes (AUDA-NEPAD, 2026). Public finance can also establish risk-sharing instruments where these help address market failures, reduce real investment risks and crowd in responsible private investment. While private capital is critical for productive investment, innovation and operational implementation across agrifood systems, PDBs and DFIs can bridge these roles through guarantees, local-currency finance, concessional and repayable finance, trade credit facilities, technical assistance and tailored instruments for underserved actors (AFRACA, 2026).

This also requires legal and regulatory frameworks that steer private investment toward food security, inclusion, climate resilience and responsible business conduct. PDBs and DFIs have a particular role in taking appropriate risks where this helps reach actors and markets that commercial finance does not yet serve, while avoiding support for investments that would have happened without public backing (Table 2).

African governments have repeatedly recognized the importance of domestic public finance for agrifood systems transformation, including through the CAADP commitments. The CAADP Kampala Declaration raises this ambition by calling for stronger public and private investment in agrifood systems, including the allocation of at least 10 percent of annual public expenditure to the sector, the reinvestment of at least 15 percent of agrifood GDP, and the mobilization of USD 100 billion in public and private investment by 2035. Yet, fiscal constraints, rising debt burdens, competing development priorities, delayed disbursements and implementation bottlenecks limit many countries' ability to expand agricultural investment and use it to leverage additional finance (AUDA NEPAD 2026). This persistent shortfall between commitments and actual allocations is linked to rising food insecurity in SSA, especially in contexts where climate shocks, conflict, and food price spikes further weaken household resilience (FAO 2025). This underlines that the challenge is not only the volume of public spending, but also its quality, predictability, coordination and catalytic use.

> Public finance should prioritize public goods while helping to crowd in responsible private investment

Public finance should, therefore, prioritize public goods and finance enablers with systemic impact — including rural infrastructure, research, extension, storage, market access, data systems, risk-sharing mechanisms, payment systems, climate adaptation and institutional capacity — while helping to crowd in responsible private investment. Where debt burdens constrain fiscal space, debt relief, restructuring or debt swaps linked to food security, resilience and regional public goods — such as cross-border trade corridors, regional seed and fertilizer harmonization, market information systems or climate-risk infrastructure — can be considered, provided they are transparently governed and aligned with national and regional investment plans.

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Table 2: From fragmented finance to complementary roles	
Actor group	**Comparative role in coalition-based agrifood finance**
African governments and parliaments	Increase and improve the quality of public expenditure; finance public goods; align budgets with CAADP/Kampala and NASIPs; strengthen tax systems while protecting vulnerable groups; provide oversight and transparency.
German ministries and parliament	Protect and refocus ODA for food security and agrifood systems transformation; fund coordination platforms; support public goods, institutional capacity and risk reduction; require additionality and impact reporting.
PDBs, DFIs and KfW	Provide guarantees, local-currency finance, concessional loans, trade credit facilities, patient capital and technical assistance; work through local financial intermediaries; disclose subsidies, risk-sharing and additionality.
Private investors and financial institutions	Scale responsible investment in processing, storage, logistics, cold chains, digital services, local agri-businesses and climate-resilient value chains; align investment with food security, inclusion and resilience.
Civil society, research actors and farmer organizations	Bring evidence, accountability, social inclusion and local knowledge into investment design; monitor whether finance reaches underserved actors and supports public development goals.

Box 2: Germany's role - using ODA strategically to support African-owned agrifood finance

Germany has historically been a leading bilateral donor for agricultural development, with a significant share of support delivered bilaterally through BMZ, GIZ, KfW and civil society. This gives Germany significant influence over program design, policy dialogue and implementation. However, German ODA to agriculture has declined in recent years, and development cooperation faces growing political contestation (BMZ, 2024; OECD, 2026).

The policy implication is not simply to ringfence the level of ODA, but to use it more strategically. Germany should support the delivery of public goods, institutional capacity, local financial ecosystems, risk-sharing mechanisms and long-term facilities that can crowd in responsible investment without displacing grant-based support for non-bankable actors. This requires scrutiny whether blended finance demonstrates additionality, transparency, development impact and a clear contribution to local value addition, technology transfer and private-sector development. This is consistent with recent G7 language on "mutually beneficial partnerships", which emphasizes the strategic use of concessional resources, partner-country ownership, domestic resource mobilization, risk-sharing instruments and data transparency in mobilizing private capital (G7 France 2026).

German support should be predictable, long-term and aligned with African-defined priorities. Risk-sharing instruments supported by German public resources, including through KfW and ATIDI, should prioritize African financial intermediaries, domestic agri-SMEs and local value-chain investment. Where German private sector actors are supported through ODA or concessional instruments, their involvement should demonstrate additionality, development impact, technology or knowledge transfer, and a clear contribution to strengthening local and regional private sector development rather than displacing it.

Box 3: Digital finance and risk-sharing for young farmers in Kenya

Emerging digital finance models in Kenya illustrate how public, private and development finance can work together to reduce barriers for young farmers. Companies and organizations such as Apollo Agriculture and One Acre Fund combine mobile-based lending, alternative credit scoring, climate advisory services, input finance and insurance to reach farmers who often lack conventional collateral. Development finance, philanthropic capital and guarantees can help reduce lending risks, while private providers bring technology, distribution networks and operational capacity. When combined with aggregation, storage and market-access services, these models can improve farmers' bankability over time. The full case study is included in Annex A.

Blended finance: catalytic, but not a substitute for development finance

Blended finance can play an important catalytic role by combining concessional public or philanthropic resources with commercial finance to improve the risk-return profile of investments (OECD, 2018). It can unfold its additional impact particularly in low-income, fragile and conflict-affected contexts where private investors often face political instability, exchange-rate volatility, regulatory uncertainty, weak institutional capacity, insufficient project preparation and long investment horizons (OECD, 2021). However, blended finance should complement, not replace, traditional development finance. In the context of shrinking ODA budgets, concessional resources used to de-risk private investment must be justified by clear additionality and should not reduce grant-based support for public goods, civil society, institutional capacity, emergency response, social protection, or rights-based approaches where commercial returns are limited or inappropriate.

The effectiveness of blended finance therefore depends on additionality, transparency and fiscal responsibility. Public subsidies should be used only where they are demonstrably needed to mobilize additional private investment and contribute to longer-term market development (OECD, 2018; Attridge, 2026). Where blended finance relies on sovereign borrowing, public guarantees or contingent liabilities[2], future fiscal risks must be transparently assessed, reported and aligned

2 Contingent liabilities are potential payment obligations of the government that become due only if a specific risk materializes—for example, if a borrower fails to make payments under a loan guarantee, a project fails under a performance guarantee, or a government guarantee is called upon.

with debt sustainability. Initiatives such as SCALED — Scaling Capital for Sustainable Development[3] — point to the need for more coordinated approaches to blended finance, but such approaches should be assessed by whether they strengthen country ownership, local financial systems, transparency and development impact. Such collaboration is essential to reduce fragmentation, improve coordination, and align blended finance interventions with national development priorities. The Apollo Agriculture and SokoFresh examples in the Annex show how structured finance and cold-chain investment can mobilize private capital for smallholder finance, storage and logistics when combined with appropriate risk-sharing and concessional support.

5. Finance that fits diverse agrifood realities

Financing instruments must be co-created with the actors they are meant to serve and adapted to the realities of Africa's diverse agrifood systems. This means moving beyond a narrow focus on primary production and individual borrowers and expanding finance for the "missing middle": agri-SMEs, cooperatives, producer organizations, women- and youth-led businesses, pastoralist economies, processors, storage providers, logistics actors and local input suppliers (CASA, 2022; Ambler et al., 2023). These actors connect farmers to markets, create employment, reduce post-harvest losses and support value addition, yet they often remain underserved by mainstream financial systems.

PDBs and regional financing mechanisms could also create dedicated funding windows for moving locally developed, low-cost and sustainable agricultural technologies from research and piloting into commercialization, especially where these support agroecological practices, resilience and local value addition.

Women, youth and SMEs are not marginal target groups: they are central to transformation

Women and young people are not niche beneficiaries in agrifood systems; they represent a large share of the rural workforce, entrepreneurial potential, and future labor force. Yet, their ability to invest, innovate and scale their businesses is constrained by unequal access to land, collateral, training, networks, finance and markets. For example, young farmers remain locked out of financing due to limited collateral, informality and high risks assessed by traditional financial institutions. Weak agricultural insurance markets and significant post-harvest losses undermine income stability and increase vulnerability, particularly in climate-exposed regions. Finance should not only target individuals, but also offer tailored opportunities for farmer organizations, cooperatives, women's groups, youth enterprises and other collective structures that can aggregate demand, reduce transaction costs, strengthen bargaining power and improve access to markets. However, digital inclusion also depends on electricity, internet connectivity, smartphones and digital literacy.

3 Scaling Capital for Sustainable Development is a multi-stakeholder initiative by Germany, Canada, Denmark, France, the United Kingdom, South Africa, AXA SA, Allianz, Zurich Insurance Group and La Caisse. In June 2026 the investment firm SCALED Development was launched to mobilize billions in private capital for sustainable development in emerging markets and developing economies by standardizing blended-finance vehicles and reducing transaction costs.

Women face additional barriers rooted in social norms, decision-making structures, collateral constraints and unequal access to training and markets. Gender-sensitive finance, therefore, needs more than credit lines. It requires deliberate project design, gender mainstreaming, business skills training, demand creation and accountability for whether women actually access and benefit from finance. The AFAP/Lekao example in box 4 shows that women-led agribusinesses can expand outreach to smallholder farmers when credit, training, supplier relationships, and last-mile services are combined.

Box 4: Trade credit guarantees for women-led agrodealers in Uganda

AFAP's Trade Credit Guarantee Project in Uganda shows how targeted risk-sharing can expand women's participation in agrifood value chains. With support from the African Development Bank's Africa Fertilizer Financing Mechanism, AFAP combined trade credit with business training, pre-season planning, soil testing and demonstration gardens for women-led agrodealers and farmer cooperative leaders. The Lekao Agribusiness Centre case illustrates the wider potential: a women-led enterprise grew into an agribusiness hub serving smallholder farmers through a local agrodealer network. Women's access to finance improves when credit guarantees are combined with business development, gender-mainstreaming support and last-mile value-chain services. The full case study is included in Annex A.

Pastoralism requires finance designed around mobility, climate risk and collective systems

Pastoralism remains insufficiently considered in agrifood finance debates, despite its major economic importance in arid and semi-arid areas. Conventional financial instruments are often designed for sedentary production systems and do not fit the realities of mobility, climatic variability, seasonal income and collective resource management. Financing pastoralism means investing simultaneously in food security, political stability, regional trade, and adaptation to climate change. Regional institutions and development banks should finance regional public goods that individual countries cannot deliver alone: pastoral corridors, cross-border governance, market information systems, climate-risk systems and regional input markets. Governments and donors should recognize pastoralism as a strategic economic sector and adapt financial mechanisms to mobility, collective management and climate risk. Public investment can structure markets and reduce risks, but it needs to be linked to appropriate market-based instruments such as insurance, risk-sharing and collective procurement mechanisms.

Box 5: Financing pastoral systems through regional coordination

The Regional Project to Support Pastoralism in the Sahel (PRAPS), implemented across six Sahelian countries with World Bank support, combines national investments in animal health, pastoral infrastructure and market access with regional coordination led by the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS). It shows that pastoral finance must support mobility, cross-border cooperation and regional public goods such as corridors, governance and information systems. The policy lesson is that pastoralism should be treated as a strategic investment sector, with public finance, regional coordination and tailored risk-management instruments working together. The full case study is included in Annex A.

Regional value chains and public goods need dedicated finance

Increased investment is needed not only to boost agricultural production, but also to expand processing, storage, transport and regional market integration. Better trade integration can attract further investment by creating larger and more predictable markets. This requires improved policy coordination and greater capacity to mobilize and strategically deploy both public and private finance. Crucially, regional public goods, such as cross-border trade infrastructure, regional food reserves, market information systems, digital payment interoperability, quality standards and climate-risk information systems should be treated as core investment priorities rather than add-ons.

6. Making agrifood finance accountable for impact

All public, concessional and blended finance for agrifood systems should include transparent impact and accountability mechanisms. Governments, donors, development banks, and private investors must disclose financing objectives, subsidy levels, risk-sharing arrangements, target groups and expected development outcomes (OECD, 2018; Attridge, 2026). However, accountability should go beyond reporting inputs and activities such as the number of loans, trainings or guarantees provided. It should also track whether finance improves productivity, market access, prices, incomes, resilience, and food and nutrition security.

Public, private and blended finance should be judged by impact, not capital mobilized

Accountability is needed for public finance, ODA, development-bank instruments and private investment that benefits from public support, guarantees or concessional resources. Public budgets should be transparently planned, executed and monitored by governments, parliaments, research and audit institutions and civil society, and should reach intended target groups. Agricultural budget commitments should be assessed not only in terms of allocation, but also execution, efficiency and contribution to public goods

(Pernechele et al., 2021). Blended finance should be monitored for development additionality, concessionality, and whether public subsidies were the minimum necessary to mobilize investment (OECD, 2018; Attridge, 2026). Private investments that use public incentives, guarantees or concessional finance should be assessed not only by deal size, but by alignment with food security, nutrition, decent employment, gender equality, youth inclusion, climate resilience and local value creation.

Private enterprises and investors also have a responsibility to respect human rights, apply robust environmental and social safeguards, and contribute to agrifood systems that advance the right to food, decent livelihoods and climate resilience. Public policies and regulatory frameworks must enable responsible investment and trade while preventing exploitation, environmental degradation, land and resource conflicts, and value-chain practices that undermine small-scale producers, workers and food-insecure communities.

As agrifood finance becomes increasingly digital, accountability should also address matters of data governance, data sovereignty and fair benefit-sharing. Instruments that rely on satellite data, digital transaction histories, alternative credit scoring or platform-based services should protect farmers, SMEs and public institutions from extractive data practices. Local research outputs, genetic resources and agricultural innovations must be treated as strategic assets, with safeguards that protect IP, support fair commercialization and ensure that value generated from African agrifood data and innovation benefits local actors.

Table 3: Transparency and impact criteria for agrifood finance

Finance should disclose and track	What this would reveal
Objectives and target groups	Whether finance is designed to reach women, youth, SMEs, smallholders and pastoralists or only larger commercial actors.
Subsidy levels and concessionality	Whether public resources are being used efficiently and whether concessional finance is the minimum necessary.
Risk-sharing arrangements and contingent liabilities	Whether risks are transparently allocated and aligned with debt sustainability.
Additionality	Whether investments would have happened without public support, and whether new markets or underserved segments are being reached.
Development outcomes	Whether finance strengthens food security, resilience, employment, local value chains and climate adaptation.
Budget execution and leakages	Whether public spending reaches intended programs and target groups, and whether corruption or delays undermine impact.

Practical accountability checklist

Before public, concessional or blended finance is approved, governments, donors, PDBs, DFIs, parliaments and multi-stakeholder platforms should ask: Which area of public interest or concern does this funding address? Which underserved actors will benefit? What risks are being reduced, and for whom? What public subsidy is provided, and why is it necessary? How will additionality be assessed? How will results be reported publicly? What happens if finance does not reach the intended target groups?

Multi stakeholder dialogs, involving research institutions, farmer organizations and civil society, play a key role in ensuring accountability. They can bring local knowledge into investment design, monitor whether instruments reach intended groups, provide evidence on social and environmental impacts, and create feedback loops between implementation and policy decisions. This is an important comparative advantage of coalition-based finance: coalitions can combine financial expertise with evidence, advocacy, local knowledge and practical feedback from implementation.

7. Conclusion: what coalition-based finance can change

African agrifood systems need more finance, but finance alone will not deliver transformation. Its impact depends largely on whether it is embedded in coordinated efforts across the entire value chain, including enabling policies, infrastructure, market access, institutional capacity, political commitment and accountability. The central challenge is, therefore, to make finance coordinated, inclusive, locally adapted and accountable. Public finance and ODA remain essential, but they must be used strategically to provide public goods, reduce risks, strengthen institutions and crowd in responsible private investment. Development banks and DFIs should expand tailored instruments for underserved actors, while private finance should scale investment in the midstream infrastructure, services and enterprises that connect farmers to markets.

The added value of the AgriBridge network lies in its ability to connect African and German policy actors, researchers, civil society and practitioners around evidence from real agrifood finance experiences. The network translates lessons from the challenges youth experience in accessing finance, from women-led agrodealers and pastoralists into policy dialogue and recommendations. The policy question is, therefore, not only how much finance can be mobilized, but how coalitions can define priorities, assign roles, adapt instruments and hold finance accountable for impact.

Core message

Finance becomes transformative only when coalitions turn strategies into concrete actions, clarify who finances what, adapt instruments to local realities, and track whether finance reaches the actors who drive agrifood systems transformation.

Annex A.
Evidence from AgriBridge practice: full case-studies

The following section presents selected case studies provided by members of the AgriBridge Network, and offers a deeper examination of practical and innovative examples of agrifood systems financing

Case Study 1:

From feed banks to collective financing: the prospects of a Central Livestock Feed Purchasing Agency in the Sahel

In the pastoral systems of the Sahel, financing cannot be separated from access to productive resources. Unlike agricultural systems where financing mainly supports production, pastoralism faces a different challenge: securing access to strategic inputs in contexts characterized by mobility, seasonality and market volatility.

This reality is particularly evident in the case of livestock feed. During lean periods, availability decreases, prices rise and supply chains become more speculative. Livestock Feed Banks have provided a significant community-based response, but work carried out as part of the INNO-REBAB project has highlighted several limitations: low storage capacity, limited cash flow, contractual breaches with suppliers and weak integration into regional information and distribution systems.

The idea of a Central Livestock Feed Purchasing Agency has emerged as a collective tool to secure supplies. By pooling purchases, structuring contracts and organizing regionalized distribution via feed banks and pastoral organizations, the agency could reduce the economic vulnerability of livestock farmers. Simulations in Niger, Burkina Faso and Mali suggest that a regional center, under certain governance and volume assumptions, could reduce final costs paid by livestock farmers by 10 to 15 percent through economies of scale, logistical rationalization and better negotiation with suppliers. The scenarios also indicate potential profitability in the medium term, with an estimated return on investment of around three years in the most favorable scenario.

Beyond economic viability, the main policy lesson concerns institutional design. No single model has yet been finalized. Options include a cooperative structure, a regional economic interest group, a multi-stakeholder governed company, or a regional platform linking central coordination with national entities. The core challenge is to build a credible institutional framework suited to cross-border pastoralism and able to bring together pastoral organizations, states, private actors, digital innovation and regional institutions.

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Policy Lessons for Agrifood Systems Financing

- The financing of pastoralism must go beyond individual approaches and incorporate collective mechanisms.
- Feed banks remain essential, but their sustainability requires supra-local pooling mechanisms. Private sector involvement in pastoralism depends heavily on public investment in risk reduction and market structuring.
- The sustainability of the scheme depends on credible and inclusive governance adapted to pastoral realities

Case Study 2:

Digital finance and risk-sharing for young farmers in Kenya

Africa's demographic reality presents both an opportunity and a structural challenge for agrifood systems transformation. Young farmers remain locked out of financing due to limited collateral, informality and the risk assessments of traditional financial institutions. Weak agricultural insurance markets and significant post-harvest losses undermine income stability and increase vulnerability, particularly in climate-exposed regions.

Digital and blended finance models in Kenya provide useful lessons. Organizations such as Apollo Agriculture and One Acre Fund have demonstrated how technology-driven financing combined with climate-smart extension services can improve youth participation in agriculture despite limited collateral ownership. Through mobile-based platforms, young farmers can access small input loans, weather-index insurance, climate advisory services and digital payment systems using alternative credit scoring instead of traditional collateral. Satellite data, mobile transaction histories and farm productivity records are increasingly used to assess risk and extend financial inclusion to underserved rural youth.

These models are often supported through blended finance structures in which development finance institutions, philanthropic actors and private investors share risks through guarantees and concessional capital. This reduces lending risks for financial institutions while enabling young farmers to adopt climate-resilient seeds, irrigation technologies and regenerative practices. Integration with post-harvest aggregation, storage and market-access platforms can reduce losses and improve incomes, making youth-led agricultural enterprises more bankable over time.

Policy Lessons for Agrifood Systems Financing

- Youth-focused finance should combine public investment, concessional capital, guarantees and technical assistance.
- Digital finance can reduce transaction costs but must be paired with electricity, connectivity, smartphone access and digital literacy.
- Climate finance should be structured intentionally to reach grassroots actors, including young farmers and young agripreneurs.
- Value-chain strengthening, especially storage, aggregation and processing, improves bankability and reduces risk.

Case Study 3:

Trade credit guarantees for women-led agrodealers in Uganda

Under the Trade Credit Guarantee Project, AFAP onboarded eight women, including hub agrodealers and farmer cooperative leaders, to participate in the credit facility program. The women leaders and the institutions they lead benefited from a support package that included access to trade credit, capacity-building, pre-season planning meetings and demand-creation initiatives such as soil testing campaigns and demonstration gardens. This intentional approach addresses long-standing gender disparities in the agro-input business, a sector traditionally dominated by men.

Through this initiative, women accessed 80 metric tons of seed and fertilizer on credit, valued at USD 61,341. Since the launch of the trade credit facility, the support has revolved three times, with repayments made within a maximum of 60 days from stocking. The women collectively earned an income of USD 30,030 across districts including Iganga, Soroti, Kasese, Gulu, Sheema and Lira. The structured credit repayment period allowed them to reinvest, procure additional inputs and expand operations.

The case of Lekao Agribusiness Centre Limited illustrates how this model can work in practice. Lekao is a women-led agribusiness based in Soroti, Eastern Uganda. Founded in 2019 by Ms. Alice Aluro, the enterprise grew from a small livestock operation into an integrated agribusiness hub offering inputs, advisory services and farmer outreach. Lekao was recommended to AFAP by Grainpulse Ltd, a fertilizer blender in Uganda, showing how supplier referrals can help identify credible women-led agrodealers and reduce perceived lending risks. Lekao was then supported by the Fertilizer Financing for Sustainable Agriculture Management project, implemented by AFAP with funding support from the African Development Bank under the Africa Fertilizer Financing Mechanism.

Between Season B 2024 and Seasons A and B 2025, Lekao distributed 8 metric tons of fertilizer valued at USD 6,516, reaching 160 smallholder farmers directly. Through its retail network of 12 agrodealers, the enterprise is able to reach more than 3,000 smallholder farmers across two districts. This shows that supporting women-led agrodealers can have effects beyond the individual business: it can strengthen last-mile input delivery, improve farmer access to advisory services and create local market links.

Policy Lessons for Agrifood Systems Financing

- Trade credit guarantees can expand women's participation in agrifood value chains when they are combined with business development, gender-mainstreaming support, demand creation and last-mile services.
- Financing through the Africa Fertilizer Financing Mechanism is valuable for expanding access to trade credit but guarantees require sufficient technical-assistance budgets to be effective at scale.
- SMEs and farmers need support for business management, farmer training on good agricultural practices, retail-level demand creation and targeted outreach to women and youth.
- Policy design must, therefore, deliberately bring women-led agribusinesses and young entrepreneurs into finance instruments, supplier networks and implementation structures from the outset.

Case Study 4:

Financing pastoral systems through regional coordination

In debates on the financing of agrifood systems in Africa, pastoralism is still not given sufficient consideration despite its major economic importance in arid and semi-arid areas. This is largely due to the mismatch between conventional financial instruments and pastoral systems, which are characterized by mobility, climatic variability and collective resource management.

The Regional Project to Support Pastoralism in the Sahel (PRAPS), launched in 2016 with World Bank support, serves as a benchmark initiative. Implemented across six Sahelian countries with more than USD 500 million mobilized across two phases, it combines national investments in animal health, pastoral infrastructure and market access with regional coordination led by the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS). This approach has helped to secure migratory grazing corridors, strengthen cross-border dialogue and recognize pastoral mobility as an economic and ecological driver.

PRAPS has also demonstrated catalytic effects. In several countries it has facilitated the mobilization of additional funding. In Niger, for example, PRAPS supported infrastructure projects and reforms that paved the way for additional funding and drought-response measures. This shows that public investment in pastoralism can produce systemic effects beyond the program itself.

Structural limitations remain. The program relies mainly on public funding in the form of sovereign loans and grants, raising questions about long-term sustainability where states are not yet able to make pastoralism a budgetary priority. Financial instruments often remain ill-suited to mobility, seasonal income and collective management. Pastoral organizations are still insufficiently positioned as economic actors within financing mechanisms, and funding for regional functions such as policy dialogue, cross-border governance and information systems remains more fragile than national investments.

Where PRAPS has mainly invested in pastoral public goods and territorial governance, the De-risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa (DRIVE) initiative places greater emphasis on insurance mechanisms, climate-risk reduction and financial inclusion. The two approaches are complementary: one supports institutional and territorial public goods, while the other expands market-based instruments adapted to climate risk.

Policy Lessons for Agrifood Systems Financing

- Pastoralism must be recognized as a strategic economic sector, not merely as a matter of resilience or aid.
- Governments should view public funding for pastoralism as a structural investment in food security, peace and regional trade.
- Financial mechanisms must be adapted to mobility, climate risk, seasonal income and collective management.
- Funding regional public goods such as corridors, governance and information systems remains an insufficiently addressed priority.
- Better coordination between public funding and private instruments is essential for sustainable pastoral economies.

Case Study 5:

Private investment, structured finance and cold-chain infrastructure

Alongside public funding, private domestic and external finance is an important complement. AUDA-NEPAD's Grow Africa partnership mobilized around USD 1 billion in private commitments between 2011 and 2018, reaching 2.5 million smallholders and creating 30,000 jobs, although most commitments came from foreign capital and domestic institutional participation remained limited.

In Kenya, the Country Agribusiness Partnership Framework, supported by AGRA and aligned with the Agriculture Sector Transformation and Growth Strategy, helped mobilize private-sector organizations to invest in value chains and farmer groups. Twiga Foods illustrates how domestic founder contributions and early local angel investment can anchor credibility and crowd in foreign investment; the company raised more than USD 100 million from investors including Goldman Sachs, IFC and TLcom Capital.

Apollo Agriculture pioneered Kenya's first private-sector local-currency securitization of smallholder loans[4], mobilizing KES 276 million, approximately USD 2.1 million, from institutional investors in partnership with Kaleidofin and IDH's Farmfit Fund. The transaction reached 23,839 farmers, including 51 percent women and 22 percent first-time borrowers, demonstrating how structured finance can unlock private capital while aligning investment with food security and inclusive growth goals.

Cold-chain finance shows the importance of midstream investment. Rwanda invested USD 10 million in cold storage facilities through public and donor funding, reducing post-harvest losses. In Kenya, SokoFresh piloted solar-powered cold rooms with support from the World Bank, the Rockefeller Foundation and impact investors, cutting tomato losses and extending shelf life. These examples demonstrate how private investment, when de-risked by catalytic public or concessional finance, can deliver infrastructure for food security, nutrition and climate resilience

Policy Lessons for Agrifood Systems Financing

- Private finance can scale innovations in digital services, logistics and cold-chain infrastructure.
- Public finance provides catalytic guarantees, infrastructure and policy stability.
- The bridge is created when public policy frameworks align with domestic capital pools and responsible private investment.
- Effectiveness should be measured by whether new markets are created and vulnerable actors benefit, not only by the amount mobilized.

4 Local-currency securitization of smallholder loans is a financial innovation that converts many small agricultural loans made to farmers in their local currency into tradable securities that institutional investors can buy. This unlocks capital for more farming loans while protecting farmers from foreign exchange risk.

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