A substantial funding gap of up to USD 350 billion per year by 2030 exists for transforming food systems to achieve climate mitigation and adaptation targets, and to meet other SDGs. 

Public financial resources, including multilateral development assistance, are not sufficient.

Private finance is therefore essential to fill the funding gap to support the rapidly needed transition of food systems.

Through a series of steps, private financiers can drive significant capital flows toward implementation:

- Identify significant impacts of financing activities and operations across impact areas;
- Assess and measure performance;
- Set targets;
- Monitor and disclose impacts;
- Continuously adjust the course of action.

The Opportunity:

**OPPORTUNITY: PUBLIC FINANCE**

**Figure IX: Structure of a debt swap**

1. Creditor agrees to debt swap (often at 50% discount)
2. Debtor shifts 50% of debt to implement development programme
3. Debt service continues on forgiven debt
4. Project implementor reports on funds received and use of funds
5. Project implementor uses funds to implement development programme

**Featured debt instrument: Debt-Swap**

Debt swaps bring an obvious financial advantage to the beneficiary country, which experiences a reduced debt burden, and simultaneously needs less additional resources to finance these projects or programmes.

**OPPORTUNITY: PRIVATE FINANCE**

**New debt instruments** offer alternative financing mechanisms, including sustainability linked loans and bonds, environmental impact bonds, use of proceeds bonds, and diverse securitisation techniques.

**Featured debt instrument: Impact Bond**

Impact bonds are an innovative type of multi-stakeholder contract that aim to redistribute both risk and benefits from investments to generate impact in multiple areas.

For more information, access the full report *Driving Finance for Sustainable Food Systems*