

Breaking the cycle of unsustainable food systems, hunger, and debt - food systems experts sound warning

The food price crisis is entering a dangerous new phase – a debt crisis that could plunge millions more into hunger. Facing structurally higher costs for imports and debt repayments for the foreseeable future, dozens of low income countries will gradually lose the capacity to address the burgeoning crises they face. Food system experts are urging decision-makers to act on the combined debt and food crisis before it is too late, calling for comprehensive debt relief and food system transformation.

The public finances of countries across the Global South have been buffeted by the COVID-19 pandemic and the economic disruptions ensuing from Russia's invasion of Ukraine – particularly sky-high import costs for food, fertilizer, and energy. 60% of low-income countries and 30% of middle-income countries are now considered at high risk of, or already in, debt distress; some 21 countries are nearing catastrophic levels of debt and food distress. Developing countries saw the costs of servicing their debt increase by 35% in 2022.

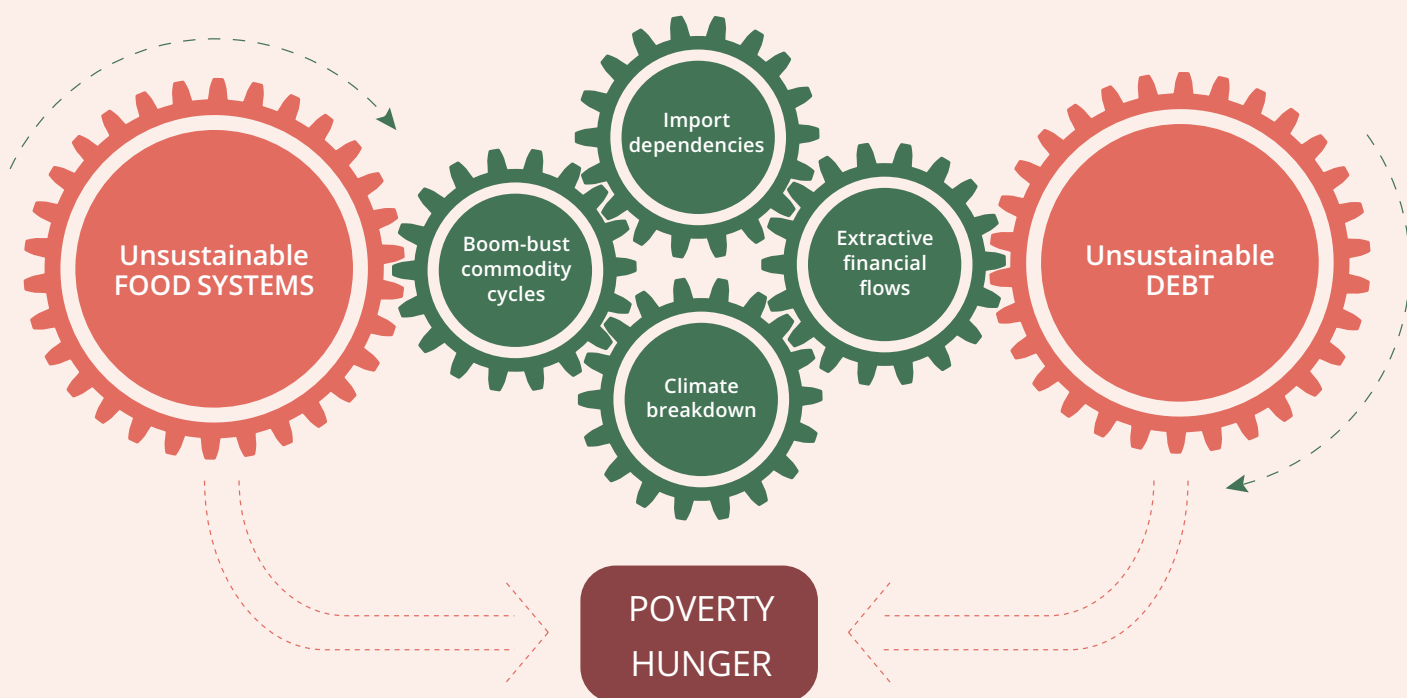
Our unsustainable food systems are a critical factor behind rising debt and hunger today.





- Import dependencies, extractive financial flows, boom-bust commodity cycles, and climate-vulnerable food systems are combining to destabilize the finances of the world's poorest countries.
- Africa's food import dependency has tripled in recent decades. This leaves countries exposed to food price spikes like in 2022, requiring them to earn dollars via export crops to pay down their debts – rather than meeting local food needs.
- In turn, unsustainable debt leaves countries critically exposed to shocks and undermines their ability to make urgently-needed investments in climate-resilient food production and food security.

Breaking the cycle of unsustainable food systems, hunger, and debt is vital to comprehensively address this crisis. Debt relief is urgently needed, but not enough. This time around it must go hand-in-hand with transforming food systems and building resilience to climate change – which can reduce food and fertilizer import dependency, hunger and climate vulnerability. The report calls for urgent action to:

1. Provide debt relief and development finance on a scale to meet the needs of COVID-19 recovery, climate-resilient food systems, and the Sustainable Development Goals.
2. Repair historical injustices that have left countries funnelling profits and exports to the global North - through windfall taxes on food profiteers, and further steps to achieve tax justice, climate justice, and repay 'ecological' and historical debts.
3. Democratize financial and food systems governance: Decision-making over food systems and in the World Bank and IMF, must be reformed to put the interests of the world's poorest countries and marginalized populations first.

What's driving the vicious cycle of unsustainable food systems and unsustainable debt?



DRIVER	DESCRIPTION
 IMPORT DEPENDENCIES AND DOLLAR DEPENDENCIES	Dependency on imports of food and fertilizers generates high debts and prevents countries investing in diversifying their food systems and economies. Countries are increasingly locked into generating dollars, often through cash crops, to pay off debts and import basic necessities.
 EXTRACTIVE FINANCIAL FLOWS	Over decades, governments have cut social spending and outsourced food system investment to corporate actors and creditors, resulting in uneven development, persistent hunger, and the depletion of state capacity – and ultimately funneling resources out of the Global South.
 BOOM-BUST CYCLES AND CORPORATE CONSOLIDATION	When food prices rise, powerful and highly concentrated agribusinesses benefit while farmers get squeezed. And when prices crash, many farms and food businesses fail, leading to further corporate consolidation, undermining investment in resilience.
 CLIMATE BREAKDOWN	Climate change is decimating harvests, destroying livelihoods, and creating instability in countries least responsible for the crisis. With climate finance failing to materialize, it is becoming harder for low-income countries to repay debts and invest in climate-resilient food systems.