POLICY BRIEF

Development Finance Landscape For Livestock Systems

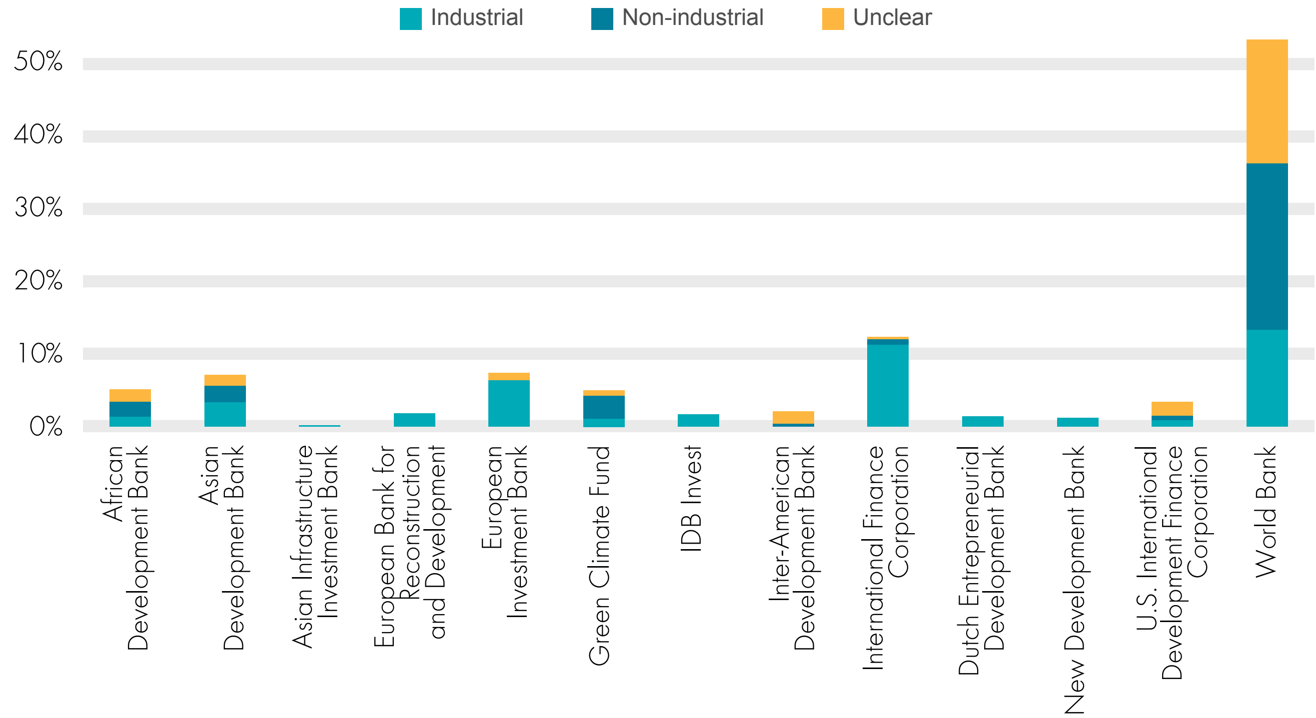
Development banks are known to shape livestock production systems in the global majority countries. However, the direction and implications of their investments remain poorly understood. This policy brief describes how the development finance landscape has been shaping livestock systems by examining project-level investments by 16 institutions between 2020 and 2024. Our analysis utilizes data from the Factory Farming Finance Tracker, an initiative of the Stop Financing Factory Farming (S3F) coalition, powered by the Early Warning System (EWS) and facilitated by the International Accountability Project (IAP). Based on these findings, we suggest recommendations that can support improved financing and accountability for development finance institutions.

Development banks are increasingly industrialising animal agriculture

A total of US$28.76 billion was spent on animal agriculture between 2020-2024. The spending data show a trend toward industrial systems, which received 43.76% of total investments, compared with 30.49% for non-industrial systems and 25.76% categorised as unclear due to limited project information. This indicates a growing preference among major development finance institutions to support large-scale, commercially oriented animal agriculture operations. Non-industrial systems, which often represent smallholder or small-scale producers, received comparatively less investment between 2020 and 2024.

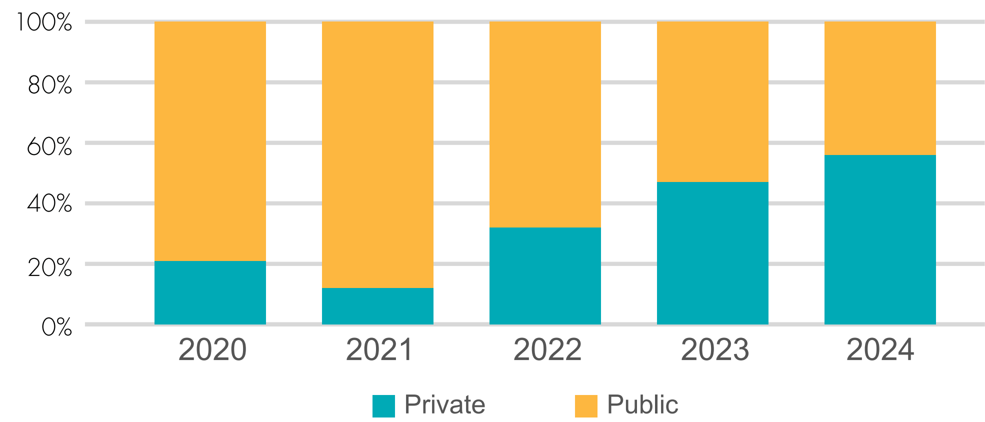
Funding patterns also reveal which institutions are shaping the global animal agriculture landscape (Figure 1). The World Bank was by far the largest contributor, responsible for 53.1% of total spending on animal agriculture. Within this 53% portfolio, a notable share was directed toward non-industrial systems (22.7%) and unclear categories (17.0%), while the remaining 13.4% was directed to industrial systems, showing a somewhat diversified approach. Among other major funders, the International Finance Corporation and the European Investment Bank together contributed over 18% of total funding. Within their respective portfolios, the International Finance Corporation heavily favoured industrial systems (11.4%) and the European Investment Bank invested predominantly in industrial animal agriculture (6.4%). Regional development banks also played a significant role, collectively contributing around 12% of total funds. Within their portfolios, the Asian Development Bank showed a slightly stronger emphasis on industrial systems (3.2%) than non-industrial (2.1%), while the African Development Bank maintained a more balanced allocation.

Figure 1: Animal agriculture investments by development banks and system type (2020–2024) (US$ billion % of total)



Financing patterns also show a clear shift in the balance between public and private sector investment over time (Figure 2). While public finance dominated in the early years (accounting for 78.65% of total investment in 2020 and peaking at 87.64% in 2021), the share of private sector financing increased markedly thereafter. Private investment rose to 32.38% in 2022 and 47.22% in 2023, before surpassing public finance in 2024 with a majority share of 56.06%. Overall, private actors accounted for 32.07% of total investment between 2020 and 2024, indicating a growing role for private sector engagement in financing animal agriculture, particularly in recent years.

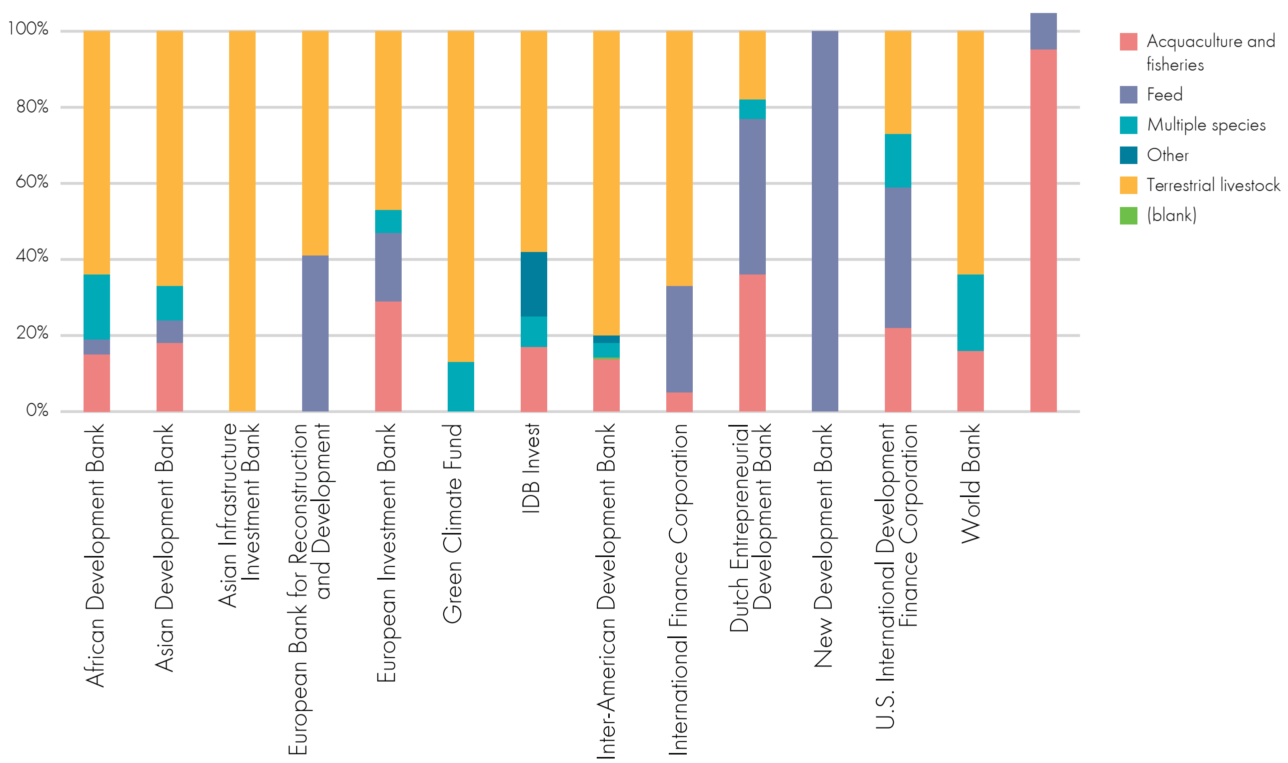
Figure 2: Share of public vs private investment in animal agriculture (2020–2024) (% of total per year)



Financing across the animal agriculture sector (Figure 3) was strongly concentrated in terrestrial livestock, which accounted for 61.88% of total spending between 2020 and 2024. Aquaculture and fisheries (15.06%) and feed (12.00%) received smaller shares, while multi-species projects accounted for 10.35%. Across institutions, most major funders, including the World Bank, the International Finance Corporation, the Asian Development Bank, and the African Development Bank, directed the majority of their investments towards terrestrial systems, with some institutions, such as the Asian Development Bank, allocating exclusively to this category. At the same time, significant investment in feed (particularly by the European Bank for Reconstruction and Development and the International Finance Corporation) highlighted a strong focus on upstream inputs supporting intensive production models. Limited funding for diversified or multi-species systems suggested less emphasis on integrated or alternative approaches, such as agroecology.

Taken together, these patterns reinforce the broader trend identified above: development finance is not only favouring industrial livestock systems overall but is also increasingly accompanied by a growing role for private sector financing, further supporting the expansion of large-scale, intensive production models across the animal agriculture sector.

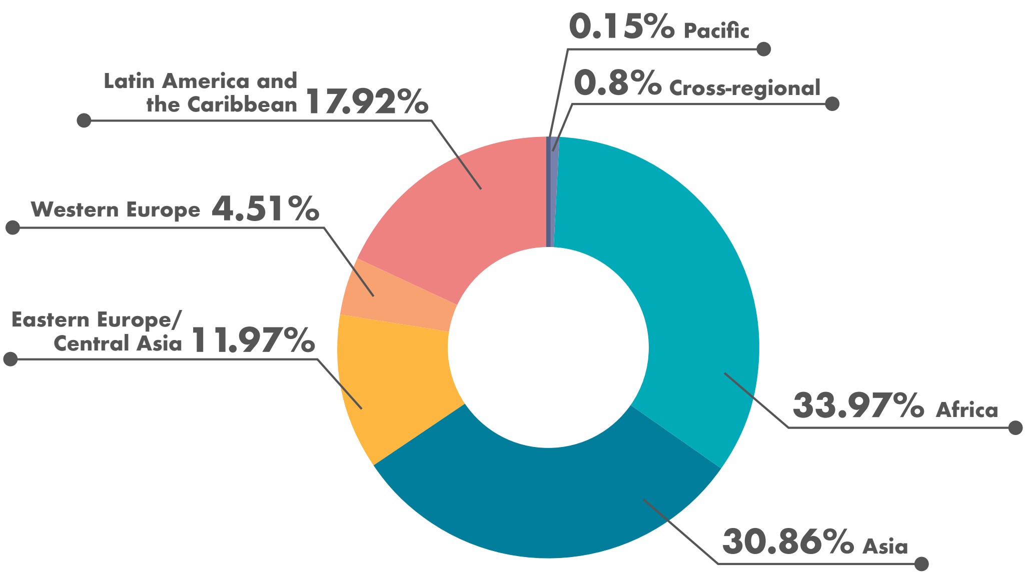
Figure 3: Share of development banks' investments in animal agriculture by typology



Regional distribution of funding and priorities

Africa received the largest share of funding (33.97%), followed by Asia (30.86%) and Latin America and the Caribbean (17.92%), while Eastern Europe and Central Asia (11.79%) and Western Europe (4.51%) accounted for smaller shares (Figure 4). Unlike Africa, where investments were more widely distributed across countries, funding in the latter regions tended to be concentrated in a few high-priority countries (Brazil for Latin America and the Caribbean, China, Mongolia, Southeast Asian countries for Asia, and Ukraine for Eastern Europe). Very limited investment went to the Pacific (0.15%) and cross-regional projects spanning multiple countries or regions (0.80%).. Regional investment patterns largely reflected institutional mandates rather than a coherent livestock strategy. Private-sector-oriented institutions, including the International Finance Corporation, the European Bank for Reconstruction and Development, and the Dutch Entrepreneurial Development Bank (FMO), prioritised competitiveness and integration into global value chains, concentrating on industrial poultry, pork, aquaculture, and feed. Institutions with broader development mandates, such as the World Bank, the African Development Bank, and the Asian Development Bank, focused more on capacity building of public systems such as veterinary services, disease surveillance, market integration, and rural development. In practice, Africa tended to receive smaller, public-good-oriented projects, while Asia and Latin America attracted larger, industry-focused investments in selected countries. These patterns aligned with prevailing "sustainable intensification" narratives, emphasising efficiency and emissions intensity, while often overlooking broader system-level impacts.

Figure 4: Regional share of total animal agriculture investments (US$ billion)



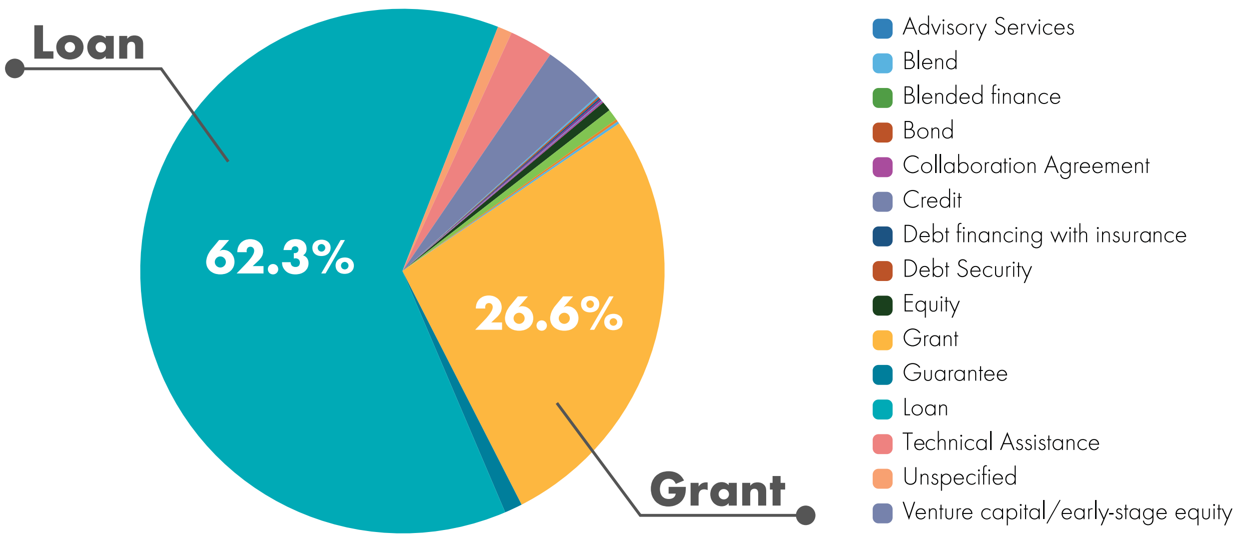
Financing mechanisms

Financing structures further shaped investment outcomes. Between 2020 and 2024, lending dominated, with loans accounting for 62.3% of total finance, followed by grants (26.6%), while equity (1.2%) and guarantees (1.3%) played a relatively small but targeted role (Figure 5).

Sovereign lending primarily supported policy reforms and market integration, whereas equity, guarantees, and intermediary financing were more often directed towards large agribusiness projects, with limited transparency on environmental, biodiversity, and public health risks.

Overall, financial flows remained skewed towards industrial systems and large-scale actors, particularly in terrestrial livestock and aquaculture. In contrast, smallholder and pastoralist systems (despite their role in delivering public goods) received comparatively limited and less visible support. Risk perceptions and unsuitable financing frameworks further constrained investment in these systems. These patterns point to a misalignment between development banks' climate, biodiversity, and poverty reduction objectives and their livestock financing strategies.

Figure 5: Share of financial mechanisms in total animal agriculture investments (US$ billion)



Recommendations

The findings highlight the need to better align development finance with climate, biodiversity, and equity objectives while recognizing and supporting extensive livestock systems and pastoral livelihoods. To help advance these goals, we put forward five key recommendations.

1. Rebalance investments towards pastoralist and smallholder systems

Development banks should increase support for pastoralist, smallholder, and mixed systems, including rangeland management, local breeds, agroecology, and integrated crop–livestock systems. These systems deliver critical public goods (resilience, biodiversity, and food security) but remain underfunded.

2. Improve transparency and system-level tracking

Banks should adopt clearer livestock system classifications and disclose key data on species, feed, and financing structures. This is essential for accountability and informed decision-making, which the ongoing International Finance Corporations's Performance Standards review provides an opportunity to improve.

3. Improve transparency and system-level tracking

Equity, guarantees, and intermediary lending should be subject to the same disclosure and safeguard standards as sovereign lending. High-risk industrial livestock projects should be consistently classified and monitored, and information on their potential adverse impacts disclosed in a proper and timely manner, so as to promote the involvement and inclusion of local stakeholders in development projects impacting their lives.

4. Align financial instruments with development outcomes

Loans, policy support, and technical assistance should prioritise inclusive development, animal health systems, and ecosystem resilience, rather than primarily enabling intensification and market expansion.

5. Enhance coordination across institutions

Stronger alignment between development banks and global funds is needed to avoid contradictory incentives and ensure that climate, biodiversity, and health finance supports sustainable livestock pathways.

Conclusion

This analysis shows that development finance between 2020 and 2024 was concentrated in industrial, feed-dependent, and commercially integrated livestock systems, with limited support for pastoralist and smallholder systems. Investments were shaped by institutional mandates and financial instruments, reinforcing large-scale production models, particularly in terrestrial livestock and feed value chains. These findings underscore a critical gap: systems that underpin resilience, biodiversity, and livelihoods in many regions remain underprioritised. Rebalancing finance, improving transparency, and strengthening accountability will be essential to ensure that livestock investments contribute to sustainable, equitable, and climate-aligned food systems.

About International Accountability Project

International Accountability Project (IAP) is an international human and environmental rights organization that partners with communities, civil society, and social movements to strengthen local campaigns at both national and international levels. Through the Early Warning System (EWS), IAP and partner organizations exchange real-time information regarding proposed investments from the 16 most influential development banks. This system integrates community-led research into the process, ideally before funding decisions are finalized, to ensure local voices are heard.

As a member of the Stop Financing Factory Farming (S3F) coalition, IAP hosts the Factory Farming Finance Tracker, which analyzes industrial livestock investments tracked by EWS. Through this coalition, IAP also collaborates closely with local civil society organizations and cross-sectoral and regional networks to raise awareness about the impacts of factory farming on humans, animals, and the planet, and to coordinate responses to harmful investments from development banks in the sector. Join IAP in demanding that development banks stop financing factory farming. Discover how you can take action with the S3F coalition.

About Critical Research on Industrial Livestock Systems

The Critical Research on Industrial Livestock Systems (CRILS) Network is a collaborative research platform that critically examines the real-world impacts of industrial animal agriculture. It brings together academics, activists, policymakers, and frontline workers to study and address issues such as environmental degradation, land dispossession, biodiversity loss, unsafe working conditions, and food insecurity linked to corporatised livestock systems. Through workshops, participatory research, and knowledge-sharing, CRILS supports evidence-based strategies for more transparent, accountable, and sustainable livestock systems, with particular attention to communities in the Global South.