



Conclusion

The political mood has never been more optimistic about high-risk financing. Donors and DFIs are displaying an appetite for high risks: at COP28 in the United Arab Emirates, US\$57 billion was committed to climate finance, with food and agriculture being earmarked as a priority sector. However, geopolitics, sovereign debt, high interest rates and increasing numbers of climate catastrophes are likely to keep disrupting food and agricultural markets, triggering ongoing food crises. Food security will continue to be a pressing problem across the developing world in the medium term. Donor funding is therefore an even more sought-after resource and, as providers of rare resources, donors can be bolder and seek opportunities to make each donor dollar stretch even further.

The Shamba Centre for Food & Climate's enquiry into sustainable finance in agrifood systems demonstrates that the risk appetite of donors and DFIs is on the rise. They are already exploring ways to complement their traditional concessional financing with commercial lending. In tandem, DFIs are ready to work with dedicated funds to take on more risks and support institutions, funds and projects in the longer term.

Implementing the recommendations of this enquiry will require widespread changes by donors, DFIs and their beneficiaries in developing countries. The catalytic power and the demonstration effect of donor financing must not be underestimated. If donors and DFIs change their risk–return sentiment to aim for even greater additionality, and beneficiary governments work with them to make domestic economies more stable, these recommendations promise to make agrifood development finance truly transformative.