



RESOURCE

Enabling pathways for drought finance in agriculture

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Description / Abstract

Although risk-based approaches to disaster management are particularly effective, the rapid start-up of risk financing is hardly conceivable in the case of a drought that has been grossly underfinanced. Even if existing resources are spent more effectively, the gap far exceeds the active finance flows. Creating an enabling environment for the financial sector is the first step to intensifying investments, and it must be done by aligning the interest of the involved actors, including public and private stakeholders, the development and scientific community, and the impacted sectors.

This report provides an in-depth analysis of the structural particularities and the status of drought finance. It lines up pathways to stimulate the financial environment by proposing innovative strategies, in other words, enabling pathways. It responds to the pressing concern of what innovative instruments and strategies should be used to make drought finance attractive for all sectors. The goal is to roll out larger-scale programmes to enable drought financing to yield a good return, thus supporting the efforts of the global community to build drought resilience through increased finance flows.

By providing pragmatic steps towards the acceleration of drought finance, the publication contributes to several Sustainable Development Goals (SDGs), including SDGs 1, 2, 5, 6, 13, 15 and 17. It is in line with the objectives of the FAO Strategic Framework, namely, it addresses the objective of the Better Production to ensure “resilient and sustainable agrifood systems”, and the objective of the Better Life to promote “inclusive economic growth by reducing inequalities”.

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