

# **Transforming Development Finance: From Agroecology as a “Bankable Solution” to Making Public Development Banks Agroecological**

Lizah Makombore

University of Vermont

Gund Institute / Institute for Agroecology / Leadership for the Ecozoic

## **Abstract**

Agriculture is fundamental to human survival, yet dominant industrial agricultural systems have contributed to ecological degradation, persistent hunger, and widening inequalities. High-input, monocultural production has accelerated soil erosion, biodiversity loss, water contamination, and greenhouse gas emissions, while failing to eradicate food insecurity or rural poverty. As climate change, ecosystem collapse, and deepening inequality converge into a global poly crisis, agroecology has emerged as a systems-level response capable of addressing ecological sustainability and social justice simultaneously. Integrating ecological science, farmer knowledge, diversified production, and participatory governance, agroecology offers a transformative pathway toward resilient food systems. Despite growing international recognition and alignment with climate, development, and human rights goals, public development finance—particularly through multilateral and public development banks—has largely failed to support agroecological transitions at scale.

This paper examines how agroecology is engaged within public development finance and asks why, despite strong evidence of its environmental and social benefits, it remains marginal in funding portfolios. Drawing on a qualitative comparative case study of projects financed by multilateral and public development banks, the analysis explores how agroecology is framed, funded, or excluded within institutional investment strategies. Rather than treating agroecology as a technical alternative competing for resources, the study situates its marginalization within broader political economy structures that shape development finance priorities and decision-making processes.

The conceptual framework integrates political economy perspectives with Multi-Level Selection theory, Territories of Life, Ubuntu, and systems leverage points. Together, these lenses position agroecology not as a discrete agricultural intervention, but as a governance challenge requiring institutional transformation. Multi-Level Selection theory helps explain how dominant institutional norms and incentive structures reproduce industrial paradigms that prioritize short-term returns and measurable outputs. Territories of Life foreground collective rights, biocultural diversity, and place-based stewardship, challenging extractive development models. Ubuntu emphasizes relational ethics, interdependence, and collective wellbeing, offering a normative counterpoint to individualistic and growth-centered financial logics. Systems leverage points highlight that meaningful change requires shifts in underlying paradigms, rather than incremental technical adjustments. Findings indicate that agroecology's exclusion is not primarily due to insufficient capital, but to entrenched institutional paradigms that privilege scale, standardization, and financialization. Project appraisal and risk assessment frameworks favor large, input-intensive models aligned with industrial supply chains and export markets. These frameworks often portray agroecological systems as complex, small-scale, or difficult to quantify. As a result, dominant risk logics generate epistemic injustice by privileging industrial agriculture while obscuring the long-term resilience, intergenerational equity, and territorially embedded knowledge central to agroecology.

The paper argues that financing agroecology requires a paradigm shift toward relational governance, plural valuation metrics, and financial instruments aligned with ecological regeneration and social inclusion. This includes redefining risk, broadening performance indicators to capture ecosystem health and community wellbeing, and embedding participatory decision-making into project design and evaluation. By identifying institutional leverage points within mandates, accountability mechanisms, and investment criteria, the study outlines pathways to reorient public development finance toward supporting agroecological transitions. Ultimately, transforming how agriculture is financed is essential to advancing food systems that sustain both people and planet.

#### Keywords

Agroecology; Sustainable Food Systems Transformation; Public Development Finance; Social Inclusion