



MORELIA DECLARATION

The delegates of the rural and agricultural financing institutions, pursuant to the deliberations of the Seventh World Congress on Rural and Agricultural Finance in regard to the topic of the **“Response of the New Global Scenario Marked by Climate Change and the Covid Pandemic: Finance as a Leverage for Mitigating the Direct and Indirect Effects on Rural and Agricultural Enterprises,”** held from November 23 to 25, 2022 at the headquarters of Fideicomisos Instituidos en Relación con la Agricultura (FIRA), in Morelia, Michoacán, Mexico, declare the following:

1. We support the Sustainable Development Goals (SDGs) adopted by the United Nations, which committed to address the global challenges faced by mankind for the year 2030, particularly those relating to poverty, inequality, climate, environmental degradation, prosperity and peace, and justice; and the Paris Agreement that seeks to improve climate change resilience and reduce greenhouse gas emissions.
2. We endorse, with particular interest, the stipulations of SDG Goal No. 1, to the effect that economic growth should be inclusive in order to provide sustainable jobs and promote equality that in due time will help to put an end to extreme poverty in the most impoverished areas, which are generally rural and those where small farming is practiced. Poverty rates in rural areas throughout the world stand at a level of 17.2%, triple the rates existing in urban areas, according to the United Nations Organization.
3. We assume the challenges posed by the new global scenario and the responsibility for contributing to the growing world population's appropriate access to sufficient nutrition and food security while, at the same time, we reduce the impact of agriculture on the environment and address the opportunities offered by climate change and the structural trends hastened by the pandemic above and beyond the foreseen rates.
4. We revalue the rural and agricultural sector as being strategic, given its importance, particularly during the pandemic, for keeping up the production and supply flow; and for serving as a key sector in the fight against climate change, considering that it produces one-third of all greenhouse gas emissions, above all as a result of deforestation and the loss of biodiversity.
5. We recognize the important role played by rural and agricultural banks as pillars of finance and rural development, and as appropriate instruments for addressing inclusive economic growth, providing sustainable jobs and promoting equality, considering that, in many distant places within our countries' geographic interior, this type of development finance institution, together with microfinance institutions, are the only available banking institutions, and that access to finance is considered a critical element for agricultural growth and the rural sector in general.
6. We will continue to promote investment in agriculture, giving special attention to small producers. This is crucial for improving agricultural productivity and sustainable food systems that will occasionally be necessary to help alleviate the dangers of hunger and malnutrition, considering that, as the OECD points out, the global demand for agricultural products is expected to climb 1.2% annually over the current decade, with 87% of the rise in world demand being triggered by the growth in productivity, which will be of key importance for feeding a growing global population expected to reach 8,500 million in 2030.



7. We will steadfastly support the transformation of the agri-food systems by focusing on financing projects aimed at generating inclusive and sustainable development. Financial institutions specialized in the rural and agricultural medium have the necessary capacity and experience for providing the financial support, training and technical assistance that rural enterprises and small producers require in order to promote transformations in food systems, while, at the same time, improving their means of livelihood and resilience. But to do this, we need to have access to resources tailored to the type of customer, sector and nature of the project.
8. We understand that rural and agricultural financing institutions are an important part of the solution and that for that reason they should play a catalytic and promotional role and assume the leadership in order to jointly mobilize the public and private sectors, so that they are able to together inject more resources into the rural and agricultural sector and in that way reduce gaps in finance and provide better financing with which to promote a more sustainable agro-food system throughout the world.
9. We commit to incorporate gender-oriented policies more fully into our activities and to design innovative mechanisms and products with which to mobilize greater financing towards rural and agricultural units led by women, which are forced to confront gender biases that exclude them, in part or totally, from access to financial markets, thereby limiting their financial and social inclusion and opportunities for development as a result of their female status alone, irrespective of their capacity and knowledge.
10. We will promote a digital technological revolution in the sector as soon as it becomes beneficial for rural and agricultural producers, in the degree to which it is able to contribute to the three-fold result of ensuring that the agricultural production will lead to a healthy diet for all, reduce the planet's carbon footprint, and watch over the preservation of our precious natural ecosystems. Digitalization can produce benefits in terms of increasing the production volume of food products, enhancing efficient resource use by reducing chemical products and water, bringing about more traceability and a closer connection with customers and markets, avoiding soil erosion, and addressing social problems.
11. We recognize that an important diversity of production units coexists in the rural sector, with differing income levels; and that financial inclusion and integration have a much broader connotation that can involve gender-differentiation from the sectoral outlook, by income stratum, type of activity or environmentally friendly activities, enterprise size, products or businesses –new, innovative or traditional– or geographic location. As a result, intervention in the agricultural sector should be comprehensive, multisectoral; otherwise, the objective will not be achieved. Rural and agricultural development implies having an efficient and sustainable specialized financial system operating as an element of a national development strategy, inasmuch as finance is not the only solution for advancing the agricultural sector.



We will work in coordination with all public and private institutions in order to combine all possible support to the rural and agricultural sector, which needs the assistance of other sectors, inasmuch as major impediments exist to bringing about social inclusion in the rural sector, such as gaps in infrastructure, communication, logistics, and technology, above all in communication and education, among many others. In this connection, we face the challenge of reinforcing working links and mechanisms with the different sectors, institutions and government, under varying circumstances and scenarios.

Mr. Jesús Alan Elizondo Flores
General Manager
FIRA

Mr. Prasun Kumar Das
Secretary General
Asia - Pacific Rural and Agricultural Credit
Association (APRACA)

Mr. Thomas T. Essel
Secretary General
African Rural and Agricultural Credit
Association (AFRACA)

Mr. Edgardo Alvarez
Secretary General
Latin American Association of
Development Financing Institutions
(ALIDE)

Dated, the 24 November 2022 at Morelia, Michoacan, Mexico.