



NOVEMBER 23rd to 25th 2022

MORELIA, MICHOACAN. MEXICO

Agricultural Development and Sustainable and Inclusive Food Systems

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AGENDA

I. Global challenges and the relevance of smallholder agriculture

I.1 SDGs 1 & 2, not making progress

II. Inclusive rural finance policy

II.1 How IFAD is fostering inclusive rural finance?

II.2 IFAD strategies with an inclusive rural finance approach

III. Development finance through IFAD

III.1 Green and climate finance

III.2 Private Sector Financing Programme

III.3 PARM & Insured

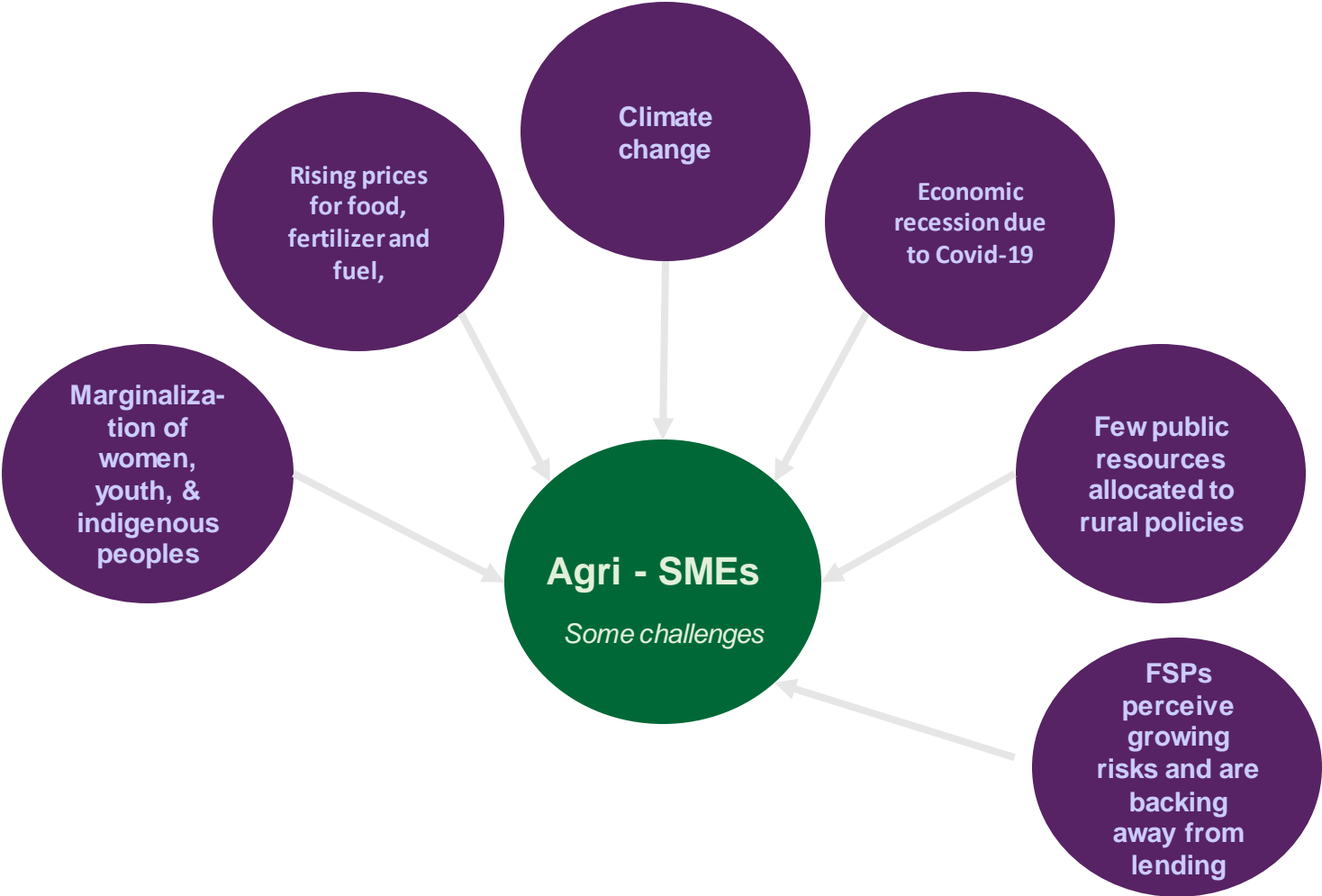
IV. Leveraging the role of PDBs to foster financial inclusion in transforming food systems

IV.1 Finance in common and the agricultural Public Development Banks (PDB) platform

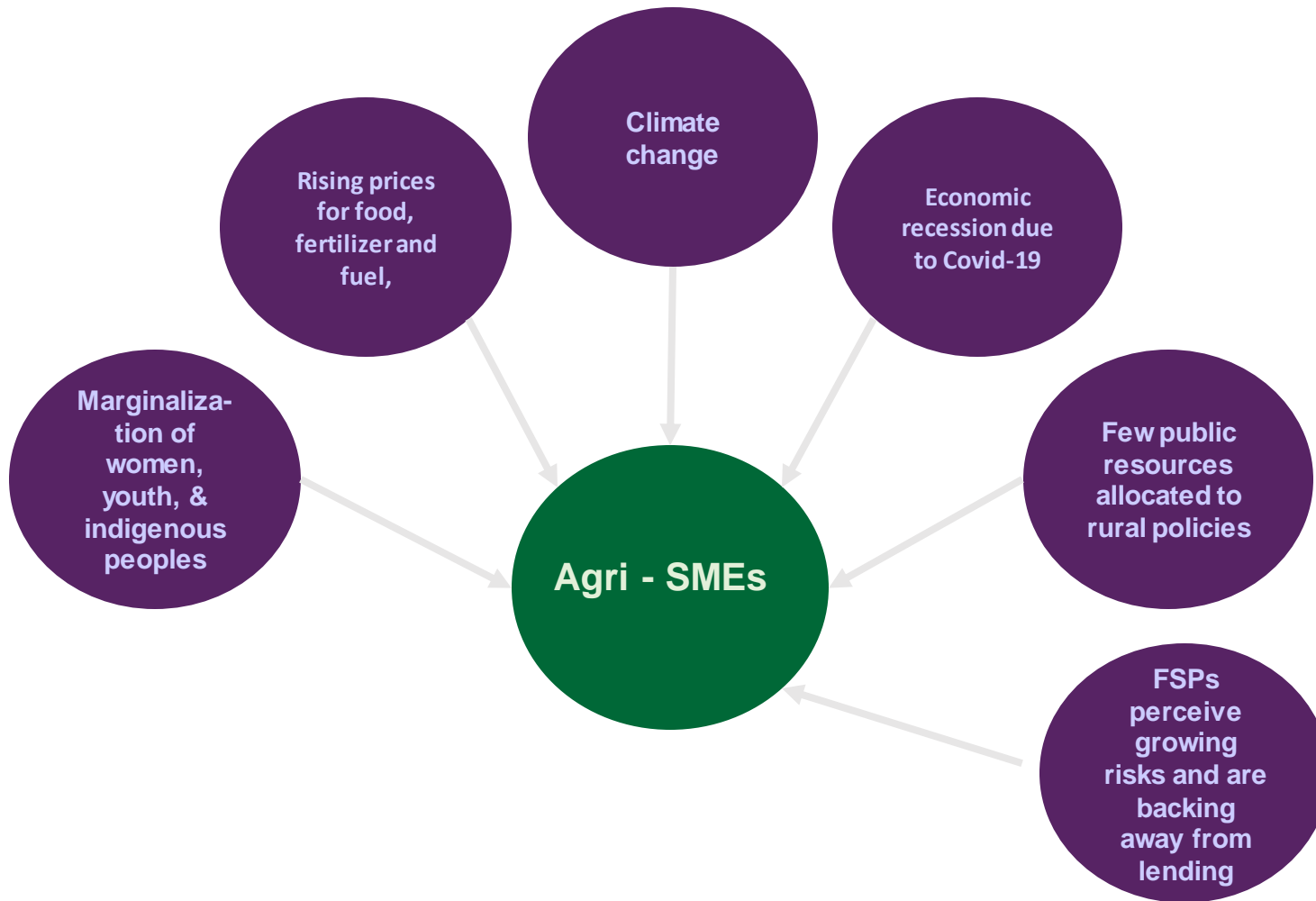
IV.2 Groups of PDBs and services to deliver 7 Criteria for a Typology

V. Conclusions

I. Global challenges and the relevance of smallholder agriculture



I.1. SDGs 1 & 2, not making progress



Seeing a reverse in:



Adding to this concern is the fact that there **is not visible progress in other SDGs.**

II. Inclusive Rural Finance Policy (IRFP)

The policy's objective is to **contribute to doubling IFAD's impact by 2030** by guiding the Fund's IRF interventions in order to strengthen: (i) poor rural people's **productive** capacities;(ii) the benefits they received from **market participation**; and (iii) the **resilience** of their economic activities to climate change and other shocks.

IFAD Total Approved / Inclusive Rural Finance (Since IFAD inception)

IRF Amount

USD 4 billion

IRF/Total financing

18% Total

IFAD Total Approved / Rural Finance (Ongoing)

IRF Amount

USD 1.1 billion

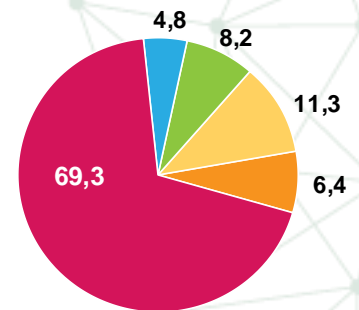
RF/Approved

12% Total

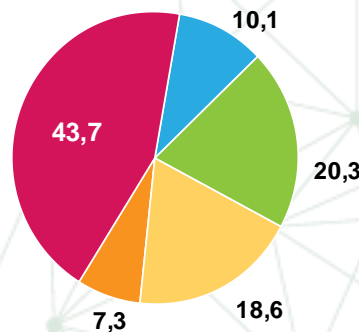
Rural Finance by Activity

All

- Inclusive Finance: Infrastructure
- Inclusive Finance: Ag VC
- Inclusive Finance: Customers
- Inclusive Finance: Ecosystems
- Inclusive Finance: Providers



Ongoing

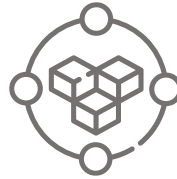


II.1 How IFAD is fostering inclusive rural finance?



IFAD growing private sector fintech

- 1 P2P / Marketplace Consumer Lending
- 2 Invoice Trading
- 3 Balance Sheet Consumer Lending



IFAD's evolving work

- 1 Digitalization of rural banks
- 2 Community based finance
- 3 Value chain finance



IFADs growing innovative initiatives

- 1 Innovatech strengthens the ecosystem of digital financial and non-financial services for small holders
- 2 Agrodigitalization grant digitalizing, e-trade services and linking to financial solutions
- 3 Agrifin tech portal

II.2 IFAD strategies with a inclusive rural finance approach

ICT4D Strategy

Scalable **uptake of ICT4D solutions** in 3 focus areas:

- Promote solutions improving **access to information**: notably market & weather
- Promote solutions improving **access to services**
- Promote **financial inclusion**

Private sector engagement strategy

- **Deploy financial instruments** that play a catalytic role for the private sector financing into rural MSMES and small-scale agriculture.
- **Use PoLG** to crowd-in PS investment
- Develop **inclusive value chains** with private sector partners (4Ps)
- Test and scale up **new technologies** and **cost-effective solutions** for long-standing challenges facing rural communities

Biodiversity Strategy

Enhance IFAD's ability to support countries to protect, restore and promote biodiversity and its sustainable use in rural systems.

III. Development finance through IFAD

Main instruments mobilised by IFAD



Sovereign credits



Grants- Regionals and per country



Reimbursable Technical Assistance (RTA)



Programmatic projects



Results based Financing



Complementary instruments mobilised by IFAD



Green and climate finance



Private Sector Financing Programme



PARM & Insured

III.1. Green and climate finance for smallholders

In the past 3 years over **US\$336.5 million** was mobilized from global climate and environment funds. The overall investment of IFAD in climate related activities over **1.2 Billion dollars** with over **90% for adaptation finance**.

Mobilizing of resources through **ASAP+**



ASAP+ → 100% climate financing mechanism

ASAP+ is envisioned to be the largest fund dedicated to channeling **climate finance to small-scale producers**.

Main purpose

Creating additional impact and help leverage existing **climate finance** for small-scale agricultural producers



Increasing the **resilience** of small-scale producers, whilst **transforming food systems** from production to consumption



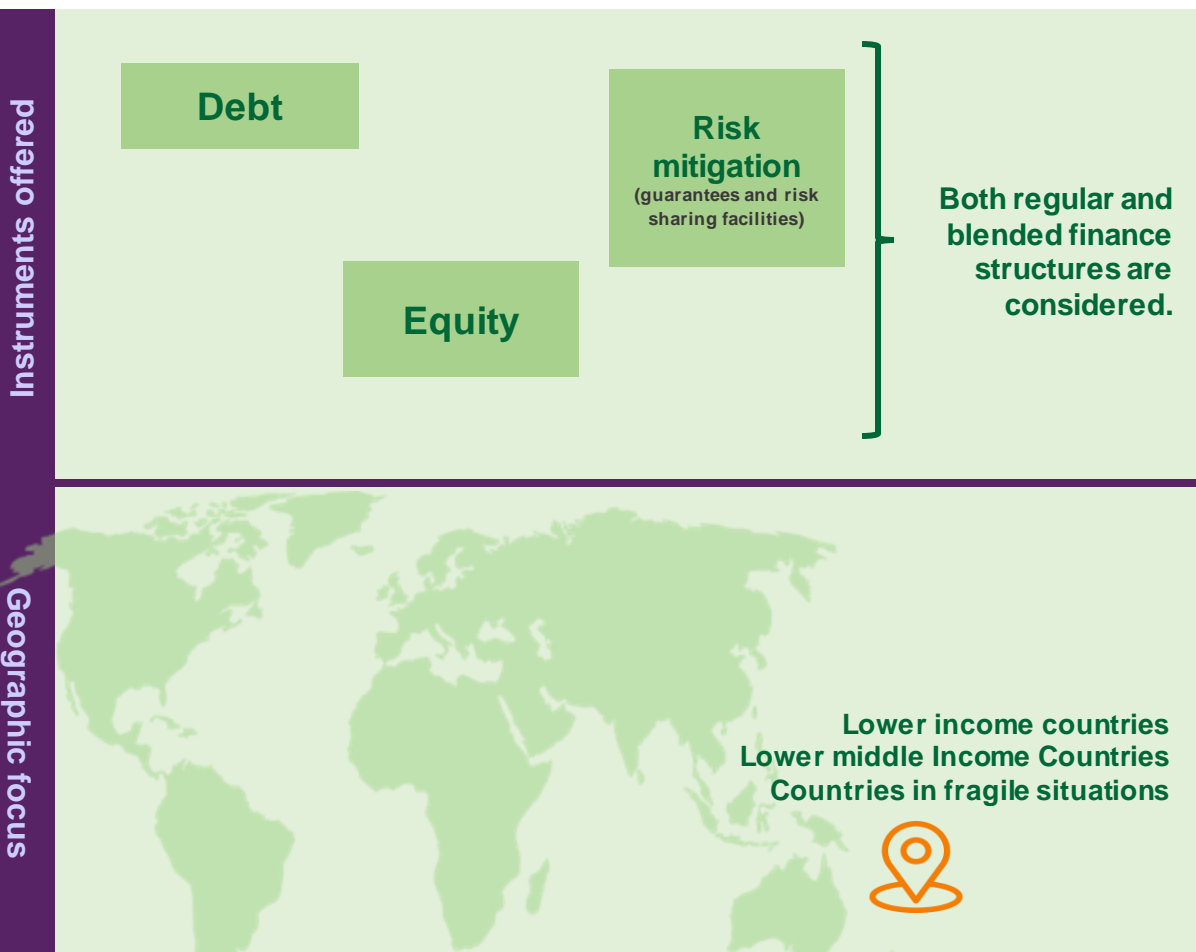
Helping to **mitigate and sequester carbon** and contribute to achieving countries' commitments

Reducing climate change threats to food security



III.2. Private Sector Financing Programme (PSFP)

IFAD established its **Private Sector Financing Programme (PSFP)** to catalyze greater private sector investments for the benefit of small producers and poor rural communities involved in local food systems.



Non – Sovereign Operations (NSO) *current portfolio*

6 operations

- Nigeria
- Uganda
- Mozambique
- Madagascar
- Bolivia
- Cambodia

USD 15.5M

Non – Sovereign Operations (NSO) *under design*

8 operations

- Kenya
- Uganda
- Tanzania
- Rwanda
- Zambia
- Malawi
- Lesotho
- Angola

USD 135.5M

III.3. PARM & Insured



Platform for Agricultural Risk Management (PARM)



Insurance for Rural Resilience and Economic Development (INSURED)

Our areas of intervention

AGRICULTURAL RISK MANAGEMENT (ARM)

AGRICULTURAL & CLIMATE RISK INSURANCE

Our objectives

Integrate ARM into policies, institutional capacities and investments to move away from a culture of coping with disasters towards a smart management of risk through:



risk assessment following a holistic approach



tools identification and project design (including insurance) on ARM



capacity development and knowledge exchange for learning and innovation on ARM

Our donor partners



IV.1. Finance in common and the agricultural Public Development Banks (PDB) platform

The PDF platform aims to support the agricultural PDBs to improve and increase green finance, and to develop financial products which are aligned with the adaptation to Climate change and the SDGs.



Who can join the platform?

Agricultural PDBs, regional Networks of PDBs, SME, Farmer Organizations

Why joining to the platform?

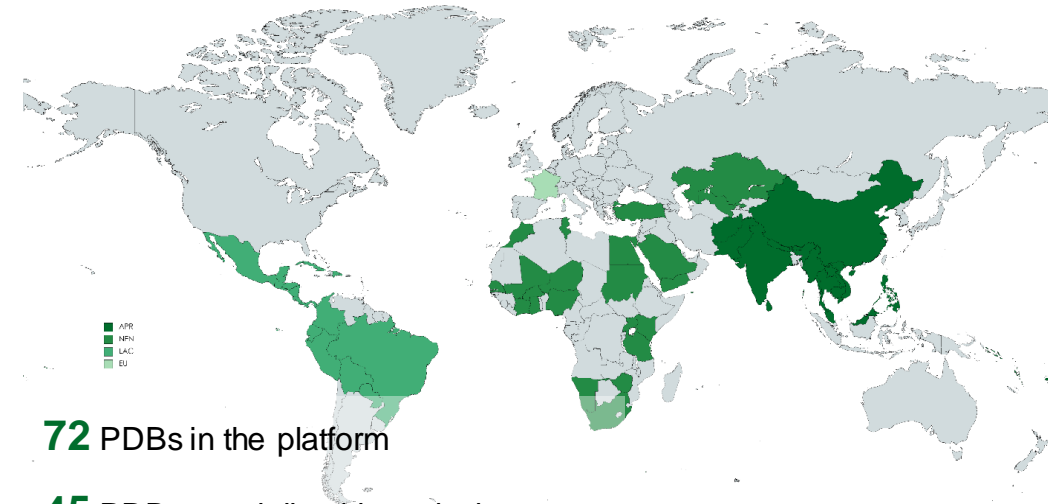


- Sharing of experience
- Training
- Working groups to learn and share practices.
- Regular meetings on common interest topics
- + Technical assistance facility

How to join to the platform?



Contact the focal point: Christian Fusillier (c.fusillier@ifad.org); No fee to pay by the members.



72 PDBs in the platform

45 PDBs specialized in agriculture

26 PDBs are in LAC region



IFAD is leading the agricultural Public Development Banks Coalition which is part of the UN Food System and also the Finance In Common Initiative.

CONCLUSIONS

- I. Making rural finance more inclusive is a key strategy to meet the SDG Agenda in an increasingly complex and uncertain global context
- II. IFAD is evolving its offer to reach the smallholder farmers and agri-SMEs that are either sub-commercial or unserved
- III. Moving forward, IFAD sees Public Development Banks as a key player in the effort of bringing innovative financial solutions to scale
- IV. Together, IFAD and Public Development Banks can work join forces to foster innovations and create an enabling rural finance ecosystem





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