



IFAD's Commitment to Bridging the Rural Finance Gap: Inclusive Financial Ecosystem for Food Systems Transformation

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IFAD's mission and role in rural development



Who we are



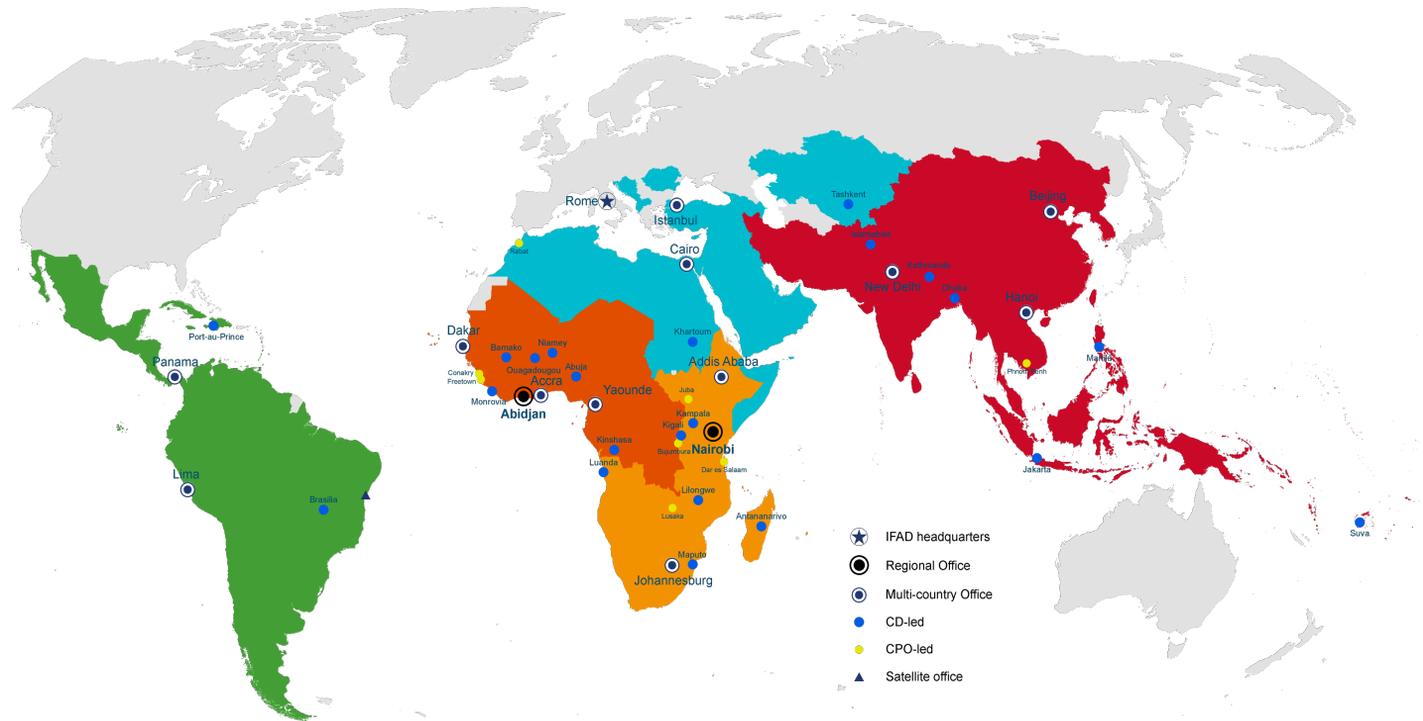
UN and IFI → grants and concessional loans to the governments of developing countries for the financing of projects.

Projects that are designed jointly, and mainly aim to reduce rural poverty, with approaches to environmental sustainability and active participation of women and young people.

> **US\$24 billion** in grants and low-interest loans to fund projects in developing countries since 1978

Where we work

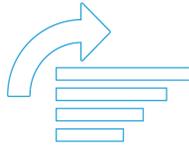
IFAD is currently working on **194 projects** in 92 countries around the world



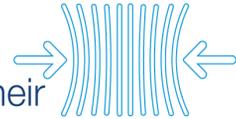
Impact of IFAD's investments

In 2022, IFAD published the results of its **IFAD11 impact assessments (2019-2021)**.
As a result of IFAD-supported projects:

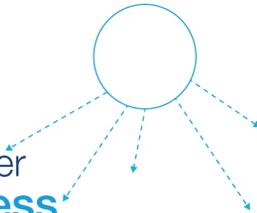
62
million people
increased their
production



38
million people
strengthened their
resilience



64
million people
achieved greater
market access



77
million people
improved their
incomes



Bridging the Rural Finance Gap:

Inclusive Financial Ecosystem for Food Systems Transformation Project



Background and rationale

The challenge



Financing gap: Achieving sustainable food systems requires an **extra \$300 –\$350 billion per year** to support sustainable agriculture, climate resilience, and rural infrastructure.



Limited access to finance for smallholder farmers: High transaction costs and perceived risks discourage financial institutions from lending to smallholders, limiting their ability to invest in productivity, adopt sustainable practices, and build resilience.

The opportunity



National Development Banks' potential: NDBs finance over two-thirds of global food systems and, with the right support, have the potential to drive transformative change in rural finance.

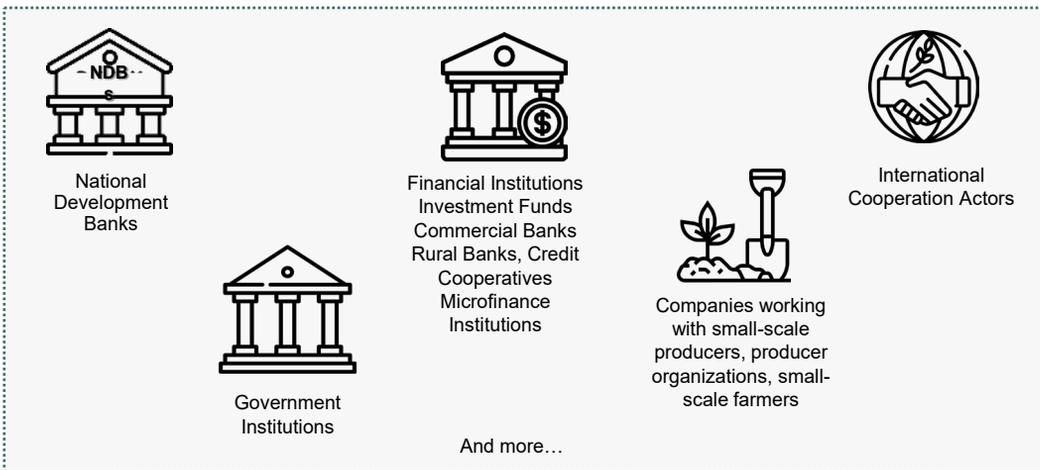


All-hands-on-deck: Transforming food systems requires coordination among public, private, and philanthropic actors to build an inclusive, resilient financial ecosystem.

IFAD can bring together key actors in the Inclusive Financial Ecosystem (IFE) and connect NDBs with small-scale farmers to unlock financial solutions that empower them to thrive.

The Inclusive Financial Ecosystem

Food system transformation implies involvement of all stakeholders of **the Inclusive Financial Ecosystem (IFE)**:



IFAD funded IFE4FST Project aims to **foster structured collaboration between NDBs and IFE actors.**

NDBs will be equipped to act as **convener** bringing together diverse players to develop **integrated solutions** that leverage combined strengths.

IFE4FST: Objective and Impact

Objective



Strengthen National Development Banks' (NDBs) capacities to deliver effective, tailored financial services that meet the unique needs of smallholder farmers.

Expected outcomes

Create **scalable, replicable financial solutions**, based on best practices and **knowledge sharing**, through **partnerships** between NDBs and other Inclusive Financial Ecosystem (IFE) actors

Identify future **potential interventions and projects** that could be co-financed with NDBs to **improve financial access for rural smallholders**.

Impact



Improve access to financial services for rural communities and small-scale farmers

Partners and Target



Implementer: *Rabo Partnerships* 
 (Private Sector, NL) – selected through Competitive Selection

Target groups



- Strengthened understanding of **rural finance** best practices
- Engagement in **partnerships** for financial solution development
- Participation in an intercontinental **knowledge exchange** network



- Access to **dialogue platforms** for voicing needs
- Improved access to **tailored financial solutions**

Strategic Partners



LAC

Ecuador



Mexico



Bolivia



Colombia



APR

Pakistan



Bangladesh



Vietnam



India



Philippines



Implementation: (2 years, 4 phases)

Inception

- **Problem analysis in 9 countries**
- **Selection of 6 NDBs (3 LAC + 3 APR)**
- **2 regional roundtables** to initiate dialogue between NDBs and other IFE actors



C1

Solution Design

- **Identification of best practices** from NDBs
- **Development of a toolkit** for advancing project ideas, partnerships, and blended finance solutions

C2



Execution

- **Facilitation of dialogues** to adapt the toolkit to local contexts
- **Pilot innovative financial solutions in 2 countries**
- **Development of a pipeline** of potential interventions



C3

Dissemination

- **Toolkit finalization** based on insights from the previous phases
- **2 regional conferences** with NDBs and other IFE actors
- **Knowledge sharing** through [IFAD's Agri-PDB platform](#)

C4



Thank You

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