



12 November 2020

## Finance in Common

The first global summit of public development banks



Investing in rural people

## PRESS RELEASE

### **Historic statement by Public Development Banks signals greater commitment to tackle global hunger and poverty**

**Rome, 11 November 2020** – For the first time in history, today 13 Public Development Banks (PDBs) made a joint commitment to strengthen investments in food and agriculture in the context of a global pandemic and a changing climate, with more signatories expected in the coming days.

This unprecedented move comes as an urgent response to the world's most pressing development and climate challenges in some of the most vulnerable countries.

"COVID-19 and climate change are putting enormous stress on our food systems," said Gilbert F. Houngbo, President of the UN's [International Fund for Agricultural Development](#) (IFAD) which convened the PDB discussions and the subsequent joint statement that was released today.

"We need to act now and step up financing if we want to free the world from hunger and poverty by 2030, and offer a sustainable future to the two billion rural people who grow much of our world's food. Public Development Banks can be leaders in unlocking opportunities, building a more resilient world and ensuring more equitable societies."

The [statement](#) contributes to the [Finance in Common Summit](#) (9-12 November) where 450 PDBs from all sectors will meet for the first time to commit to actions that shift investments to a greener and more sustainable path, while responding to the COVID-19 crisis.

The statement has been signed so far by 13 agriculture and rural banks from Sub-Saharan Africa, Asia and Latin America, and regional rural and agricultural credit

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associations. While these banks may be diverse in terms of capital base, mandate and instruments, the statement emphasizes the critical role they all play in financing future sustainable and inclusive food systems, and in addressing market failures - particularly in times of crisis such as the current COVID-19 pandemic.

To that end, the statement stresses the need to improve regulations, policies, governance and institutional capacity to allow PDBs to take on the necessary investment risks while remaining financially viable and institutionally sustainable in a rapidly changing financial market.

The signatories also acknowledge the importance of focusing on smallholder farmers and small and medium-sized agribusinesses, and developing financial products and services tailored to their needs. Their ability to access finance for investment is often constrained by their size, asset base, fragmentation and lack of information and coordination in both agricultural and financial markets.

"It is critical that Public Development Banks focus on small-scale producers and agripreneurs who are the backbone of food systems and economies of many low and middle income countries," said Houngbo. "With access to finance, they can be far more productive and contribute to broader food security and prosperity."

The statement further emphasizes the important role of PDBs as catalyzers of private sector investments which are often hindered by a variety of risks, costs, and poor economic returns. PDBs can develop innovative financial solutions to attract investors to the sector and help align commercial finance to global development, environmental and climate-related goals.

According to the [Food and Land Use Coalition](#), transitioning to more sustainable practices in food systems may require US\$300-350 billion per year until 2030, but deliver an "economic prize" of \$5.7 trillion saved in "hidden costs" associated with current practices, and unlock \$4.5 trillion annual opportunities for businesses.

In this context, IFAD is stepping up its engagement with the private sector to attract investments in small-scale agriculture and rural small and medium-sized enterprises (SMEs). In October, IFAD was the [first UN fund to receive a public credit rating](#) making it easier to raise funds from public and private lenders. Last March, IFAD invested in a private impact fund, the [ABC Fund](#), to boost investments in rural SMEs.

#### **Note to editor:**

The Finance in Common Summit is an initiative of the World Federation of Development Finance Institutions (WDFI) and the International Development Finance Club (IDFC), and is convened by the Agence Française de Développement.

**Video footage available:**

<https://we.tl/t-wfj5ERF582>

<https://www.youtube.com/watch?v=Z38mMSmHyJc&feature=youtu.be>

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*IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$22.4 billion in grants and low-interest loans to projects that have reached an estimated 512 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations food and agriculture hub.*

**About the Finance in Common Summit**

Taking place 9-12 November 2020 in Paris and online, the Finance in Common Summit addresses our common need to build new forms of prosperity that take care of the living (people and planet) in a resilient manner. This first-of-its-kind event gathers the world's Public Development Banks (PDBs), along with other key stakeholders such as Heads of State and Government, supervisors, and representatives from the private sector, civil society, think tanks and academia, to stress the crucial role of PDBs in reconciling short-term countercyclical responses to the crisis with sustainable recovery measures. By rallying and challenging a new and significant global community with enhanced capacity of action, and by promoting sustained collective action, the Finance in Common Summit is a key milestone on the way to the crucial events of 2021, notably the COP26, the COP15 and the Generation Equality Forum.

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