

The UN's agricultural development fund chief urges Public Development Banks to direct funding to fight hunger, poverty and climate change



Cartagena de Indias, 04 September 2023 – “Public development banks must ensure that their significant financial resources better serve the fight against hunger, poverty and climate change”, said Alvaro Lario, President of the [UN's International Fund for Agricultural Development \(IFAD\)](#), at the Finance in Common Summit 2023 (FICS) today in Colombia. With hunger and poverty on the rise and climate change accelerating, global leaders and heads of financial institutions will gather at the summit to strengthen Public Development Banks (PDBs) crucial role in providing finance for development and climate action, and helping developing countries meet the global Sustainable Development Goals and Paris Climate Agreement objectives.

PDBs supply two-thirds of the world's food systems financing, and collectively invest US\$2 – 3 trillion per year, all sectors included. At FICS, IFAD will advocate that given their mandate and available assets, national PDBs can play an even stronger role in making food systems more sustainable, resilient and equitable.

“We must relentlessly continue our efforts to ensure that PDBs deploy more capital and offer services best tailored to the needs of the rural populations and small- scale food farmers who produce one third of the

world's food. They are key to global food security and biodiversity preservation," said Lario. "They urgently need to adapt to a rapidly changing climate, and cannot continue to live in hunger and poverty. They need access to finance, technologies and markets to grow their production and incomes."

The war in Ukraine and COVID19 pandemics have clearly exposed the fragility and inefficiencies of food systems. Over 3 billion people were unable to afford a healthy diet in 2021. Up to 783 million people suffered from hunger in 2022. The small- scale producers who are the backbone of food production receive just 6 cents for every dollar worth of food they produce. About 80 per cent of the world's poorest live in rural areas. By contributing one third of global greenhouse gases emissions, food systems have also a heavy environmental footprint.

At FICS, IFAD will showcase progress accomplished by the [Public Development Banks Platform for Green and Inclusive Food Systems](#) that IFAD leads with the strong support of the French Development Agency.

With a doubling of its members over the last year reaching today over 130 PDBs from 98 countries, the Agricultural Public Development Bank platform is gaining momentum and promoting collective action to deliver change at scale.

The PDB Platform facilitates regular exchanges of best practices among its members on topics of common interest including digitalization, support to small and medium-sized enterprises, financing adaptation to climate change, helping to build capacity and becoming a major instrument of shared best practices and peer- to-peer technical assistance to foster stronger capacity to deliver investments for food systems transformation and climate action.

For example, recently the FIRA bank (Mexico) has been engaging with Le Credit Agricole du Maroc (Morocco) and the Agricultural Bank of China on their best practices to inform the preparation of its new sustainability strategy.

The European Union has recently approved funding for EUR 2.3 million for the platform becoming the first external donor supporting the platform besides IFAD and AFD.

IFAD in Latin America

For many years, IFAD has had a close relationship with PDBs such as **BANCOLDEX** (Colombia), **BNDES** (Brazil), **COFIDE** (Peru) and **FIRA** (Mexico) and is now seeking to strengthen collaboration to explore investment opportunities, co-financing and joint work to benefit small-scale farmers. In 2021, IFAD signed its first loan ever to a PDB, BNDES (Brazil), for a US\$ 218 million project to build the resilience of rural communities to climate change in the Northeast of Brazil.

FICS is taking place as IFAD's investments in Latin America and the Caribbean are currently the largest IFAD has had in the region. There are currently 30 operations in 17 countries of the region with an overall financing of US\$1.8 billion, including US\$630 million of IFAD financing, US\$647 million provided by governments receiving IFAD loans and grants, and US\$508 million from donor countries.

IFAD projects in the region contribute to the inclusion of small farmers in formal value chains, to the conservation of biodiversity and the production of nutritious food. Climate-smart agricultural practices have also helped reduce the vulnerability to food insecurity.

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IFAD is an international financial institution and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US\$24 billion in grants and low-interest loans to fund projects in developing countries.

*A wide range of photographs of IFAD's work in rural communities is available for download from its **Image Bank**.*