Multilateral approach to smallholder agriculture

SAFIN, November 27-28 2017

MULTILATERAL INVESTMENT FUND
An IDBG Innovation Lab
Agriculture in LAC

LAC Ag sector represents 16% of World exports in the sector, 14% of the employment in the Region. Recent studies project that it will exceed Regional demand by 166% by 2030.

25% of rural populations in LAC still live on 2$/día. And the productivity gap is still large and growing. TFP in Ag has grown 40% slower in LAC than in Developed countries. Innovation rate is low.

Change in land use accounts for 40-60% of carbon (CO2e) emissions.

Climate change is a risk to output; recent estimates of 1.3 years of Ag output will be lost over 10 years.

Sources: The next global breadbasket, IDB; The climate and development challenge in LAC, IDB; Development Indicators, World Bank; Statistical Yearbook, ECLAC
IDBG work in Agriculture

IDB

Development of value chains
Agribusiness finance
Export finance
Infrastructure
Financial Intermediaries

IDB Invest

Smallholder

MIF

Regulatory environment
Climate action
R&D and Innovation Policy
Public and club goods
Risk and finance (Dev. Banks)

Test innovative models
Alternative/blended finance
Disruption and Agtech
Natural capital & climate
Smallholders in value chain
Main clients and partners

**Public sector**
- Government (national, state and local)
- Development Banks (including specialized in Ag)
- Ministries of agriculture, environment, etc
- State-sponsored research institutions

**Private, corporates**
- Agribusiness firms—ag inputs, producers, ag services
- Commodity traders
- Large ag or credit cooperatives
- Private Banks, established MFIs, other financial intermediaries

**Private, innovation-driven**
- Financial intermediaries
- Early-stage fund managers/investors
- Development-oriented corporates, cooperatives
- NGOs, Foundations and bilateral aid agencies
- Agriculture firms, particularly agtech
- Select state agencies, state-sponsored development funds
Demand from climate change will impact future opportunities

Agriculture and Land use account for between 40-60% de CO2e

And only 3% of new financing in LAC Area.

Source: Joint multilateral climate change investment reporting
Demand from private sector will continue to drive innovation

Private’s share of investment in Ag has increased dramatically, reaching 75% in US, developing countries lower

Most research confirms complementarity between public and private investment

Percentage private in non-traded commodities still limited

Trends: US R&I in Ag, public and private
(billions 2013 USD and share)

Source: USDA ESR
PECSA – *Pecuária Sustentável da Amazonia*, is a sustainable cattle ranching B-corp operating in Brazilian Amazon. It works with small and medium-sized farmers to restructure and sustainably intensify their cattle ranching model, implementing a set of agronomical, biotech, and digital applications, including drones mapping, animal traceability and satellite environmental monitoring, as well as forest and ecosystem restoration.

**Impact**

- **3X** increase in net income of participating ranchers
- **7X increase** in productivity (kg beef per hectare)
- **3ha** hectares of avoided deforestation per hectare of treated land.

**Financing**

- **MIF’s Contribution**
  - US$2,500,000 (38%)

- **Co-investment**
  - US$4,000,000 (62%)

- **Total Project**
  - US$6,500,000 (100%)

**Partners**

PECSA -Pecuária Sustentável da Amazonia
The project introduces new technological solutions to changes in temperature and rainfall due to climate change in the poorest regions of Argentina, by working with the largest cooperative bank in the country. It is integrated with conditional cash transfer programs for producers, with partial loan write-offs for those who adopt qualifying technologies.

### Impact
- **800** producers access new technologies to reduce vulnerability to climate change
- **2000** new clients obtain financing for resilient technologies throughout the regions served by Credicoop
- **5,000** new loans issued by the end of the Project
- **20%** improved yield due to the adoption of new technologies

### Financing
- **Total MIF financing**
  - US$1,000,000
  - **27%**
- **Counterpart financing**
  - US$1,949,000
  - **27%**
- **Other partners**
  - US$750,000
  - **46%**

**Total Project**
- US$3,699,000
  - **100%**
To counteract the soil erosion associated with climate change in the Araucania region of Chile, this project will work with Mapuche cooperatives to produce a climate-resistant plant called AluProt-CGNA. This climate-friendly, high-yield "super-food" in the global marketplace has great potential to increase productivity and income in the area. Likewise, the adoption of a rotation technology will promote a higher value-added economy.

### Impact

2,000 Mapuche farmers adopt climate-resilient technology
50% annual increase in sales of AluProt-CGNA
20% annual increase in productivity
30% improvement in the soil resilience index

### Budget

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIF Contribution</td>
<td>US$1,300,000</td>
<td>33%</td>
</tr>
<tr>
<td>Local counterpart</td>
<td>US$1,044,000</td>
<td>26%</td>
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<tr>
<td>Others counterpart</td>
<td>US$629,000</td>
<td>16%</td>
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<tr>
<td>Reimbursable cofinancing</td>
<td>US$1,000,000</td>
<td>25%</td>
</tr>
<tr>
<td>Total Project</td>
<td>US$3,973,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Partners

- N& Seeds
- CH-T1181

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**Note:** The graphics and images are not transcribed but are integral to the document's presentation. They visually support the text by illustrating the project's impact and budget allocation.
Thank you