Private Sector Financing Program (PSFP)
Making Private Sector Financing Work for the Rural Poor
IFAD’s Private Sector Financing Program (PSFP): Setting the stage

OBJECTIVES
Improve the income, **food security** and **resilience** of rural poor and small producers in LICs, LMICs and Fragile Situations.

HOW
• Offering **financial instruments** that private sector actors need and can’t obtain from other players to implement investments
• **Target clear benefits** for IFAD’s target groups (rural poor, women, youth) and priorities (climate, food security & nutrition)
• Provide **counter-cyclical funding** during crises times (COVID pandemic, Ukraine crisis, Debt distress)
• Bundle financial support with de-risking through technical expertise, public sector funded activities, TA and other means to maximize impact and have value added.
• Who are PSFP private sector recipients?

1. SMEs, agri-aggregators, and Farmer’s Organizations which are (i) **too small or risky** for larger DFIs/MDBs, (ii) **not profitable enough** and/or too risky for impact investors and commercial banks, or (iii) **too large** for MFIs.

2. Financial Institutions or other intermediaries with strong **development objectives** aligned with IFAD’s: Smaller MFIs (2nd Tier in size), high impact funds.
Unique Features of the PSFP

<table>
<thead>
<tr>
<th></th>
<th>Commercial Finance Institutions</th>
<th>Impact Investors Development</th>
<th>Finance Institutions (DFIs)</th>
<th>IFAD’s PSFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture Focus/expertise</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Tolerance to Risk</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Tolerance for low returns</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Depth of impact and loan size</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

**Strong Targeting**
- Strong focus on LIC, LMICs and Fragile contexts
- Exclusive focus on small producers and rural poor through credible and systematic targeting strategies in each PSFP project
- Ticket sizes and terms adapted to address lower segment of relevant actors working with SP and rural poor

**Complementarity to Maximize Impact**
- Requirement for complementarity with government efforts to avoid fragmentation of action and potentialize impact

**Innovation and Scale**
- Reliance on IFAD’s strong technical expertise to develop innovative approaches: nature-based solutions, digital technology, monetization of carbon credits, etc.
Projects Approved: 5 (plus ABC Fund)

- Total amount approved: **USD 20.8 M** (plus USD 9 M to ABC Fund)
- **Countries**: Nigeria, Uganda, Madagascar, Mozambique, Bolivia
- **Average ticket size**: USD 4.1 M
- **Instruments**: Senior and Subordinated Debt
- **Value-chains supported**: Rice, Cassava, Maize, Potatoes, Beans, Tomatoes, Groundnut, Other Endemic Vegetables and Legumes
- Expected number of **beneficiaries**: 161,000 (Direct) and 1.4 M (Indirect)
- All countercyclical funding to address COVID-19 effects.

PSFP: What has been delivered so far?
# Expected outreach for approved projects

<table>
<thead>
<tr>
<th>Country</th>
<th>Nigeria</th>
<th>Uganda</th>
<th>Madagascar</th>
<th>Mozambique</th>
<th>Bolivia</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of women</td>
<td>59%</td>
<td>50%</td>
<td>35%</td>
<td>75%</td>
<td>77%</td>
</tr>
<tr>
<td>% of youth</td>
<td>59%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>39%</td>
</tr>
<tr>
<td>Climate</td>
<td>![checkmark]</td>
<td>![checkmark]</td>
<td>![checkmark]</td>
<td>![checkmark]</td>
<td>![checkmark]</td>
</tr>
<tr>
<td>Co-financing</td>
<td>$ 30 M</td>
<td>$ 35 M</td>
<td>$ 5 M</td>
<td>$ 5 M</td>
<td>$ 36 M</td>
</tr>
<tr>
<td>Digital</td>
<td>![checkmark]</td>
<td>![checkmark]</td>
<td>![checkmark]</td>
<td>![checkmark]</td>
<td>![checkmark]</td>
</tr>
</tbody>
</table>
SOADIO Project – Landless migrants support

**Private Sector Recipient**  
Soafiary SA

**Investment Theme**  
Market access and benefits for smallholder farmers

**IFAD’s Funding**  
Senior Loan of EUR 3,500,000

**SOADIO Project**  
- Partnership with Catholic Church  
- Contract farming  
- Landless migrants  
- Technical Assistance
Thank you!
ANNEX
PSFP’s Screening Criteria & Priorities

1. RELEVANCE
   - Alignment with national pathways and country development priorities
   - Complementarity with sovereign projects

2. ADDITIONALITY
   - Address market failure
   - Financial additionality: rates, maturity, grace, catalytic role
   - Non-financial additionality: E&S practices, impact measurement, advisory and technical expertise

3. IMPACT
   - Projects provide clear benefits to IFAD’s target groups
   - Ex-ante and ex-post assessment of development outcomes
   - Priority to fragile B and C countries

4. E&S STANDARDS
   - E&S screening and assessment based on IFAD’s SECAP

5. RISKS
   - Are the risks (once mitigated) acceptable?