



# 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.

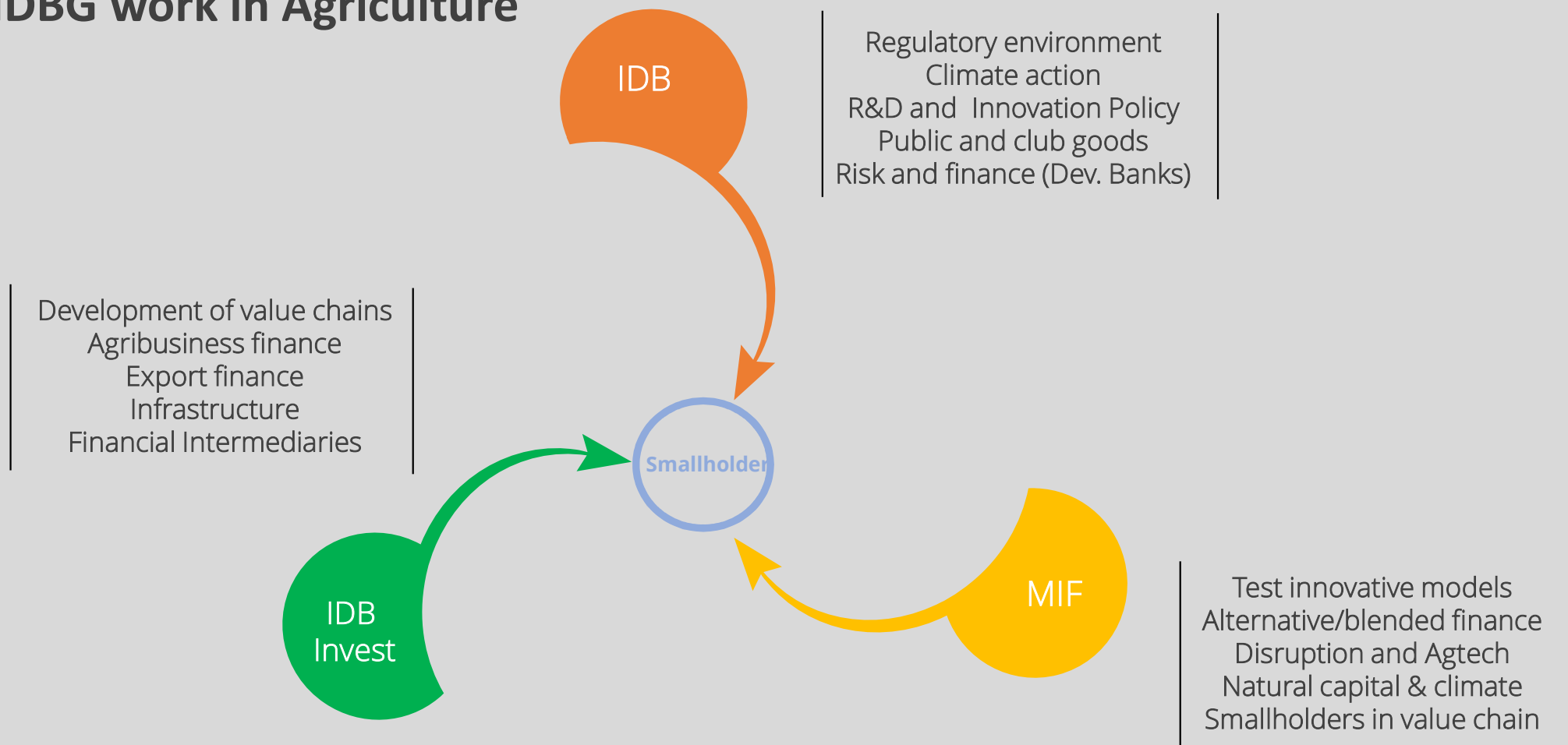
**25%** of rural populations in LAC still live on 2\$/día. And the productivity gap is still large and growing. TFP in Ag has grown **40%** slower in LAC than in Developed countries. Innovation rate is low.

Change in land use accounts for **40-60%** of carbon (CO<sub>2</sub>e) 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





## Main clients and partners

IDB

### Public sector

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

IDB  
Invest

### Private, corporates

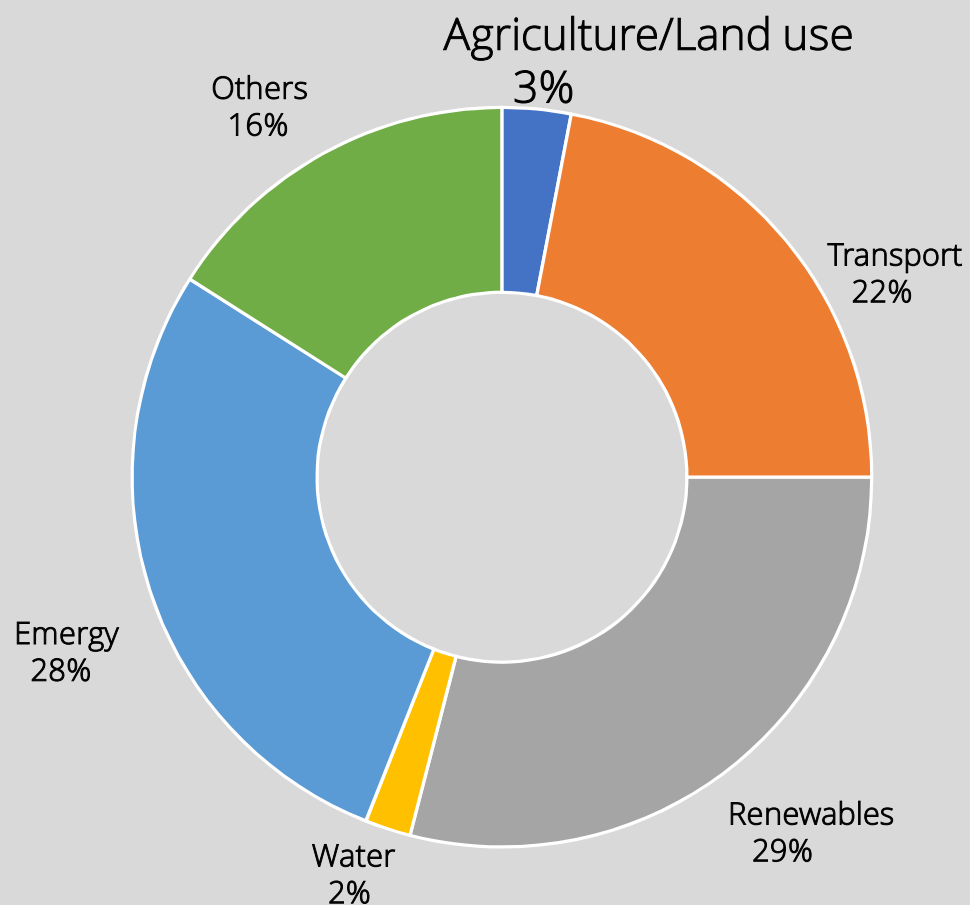
Agribusiness firms—ag inputs, producers, ag services  
Commodity traders  
Large ag or credit cooperatives  
Private Banks, established MFIs, other financial intermediaries

MIF

### 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



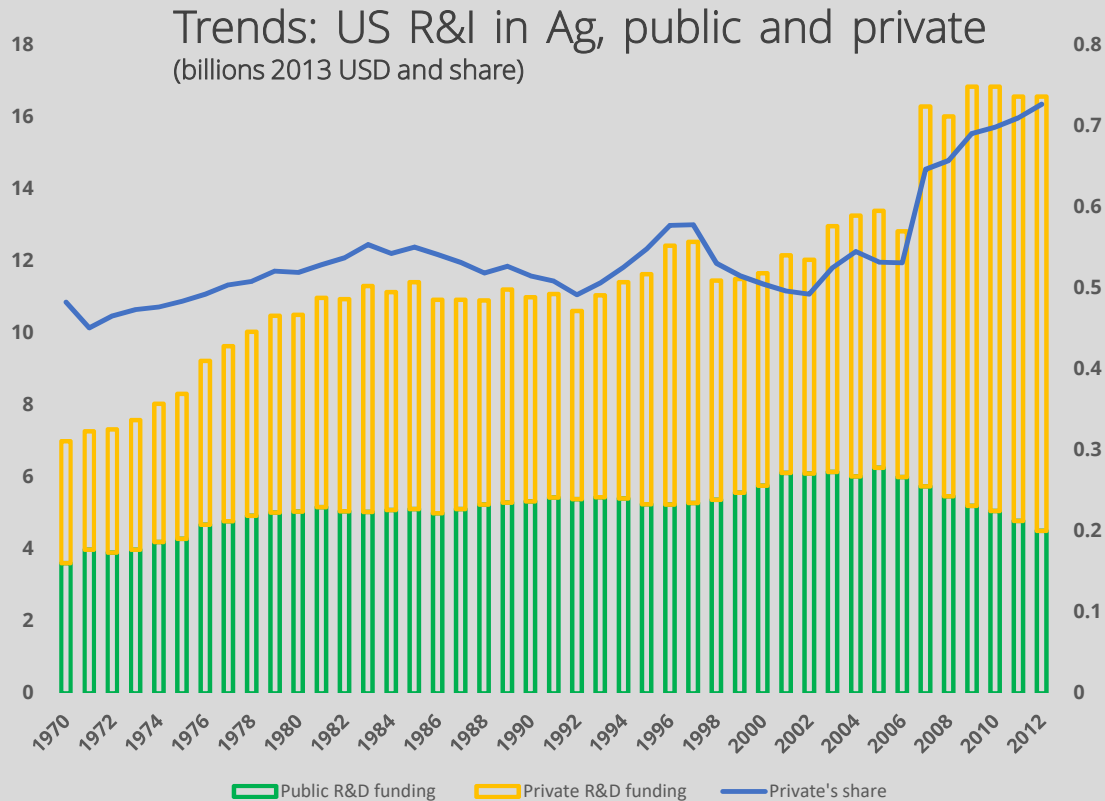
Agriculture and Land use account for between 40-60% de CO<sub>2</sub>e

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



Source: USDA ESR

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



# PECSA -Pecuária Sustentável da Amazonia

A new deforestation-free model for cattle



BR-L1494

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





# Climate-Smart financial inclusion

## Access to resilient technologies for small producers in the Argentine Non-Pampas region



AR-T1170

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	27%
<b>US\$1.000.000</b>	
Counterpart financing	27%
<b>US\$1.949.000</b>	
Other partners	46%
<b>US\$750.000</b>	
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Total Project	100%
<b>US\$3.699.000</b>	

### Partners

**FUNDACION**  
BANCO CREDICOOP

 **Ministerio de  
Agricultura, Ganadería y Pesca  
Presidencia de la Nación**



# Aluprot, superfood

## Ancestral techniques for climate resilience in chile



CH-T1181

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

MIF Contribution	33%
<b>US\$1.300.000</b>	
Local counterpart	26%
<b>US\$1.044.000</b>	
Others counterpart	16%
<b>US\$629.000</b>	
Reimbursable cofinancing	25%
<b>US\$1.000.000</b>	
Total Project	100%
<b>US\$3.973.000</b>	

### Partners

**NO-Seeds**  
**CGNA**



Thank you