

« Working Group of the Agricultural Public Development Banks Platform »

Commitment of Agri-PDBs towards Agroecology | 06-07/12/2023

<p>International Fund for Agriculture Development Sustainable Production, Markets and Institutions Division (PMI) Via Paolo di Dono 44, 00142 Rome, Italy</p>	<p>AGENCE FRANÇAISE DE DÉVELOPPEMENT Agriculture, Développement Rural, Biodiversité (ARB) Direction SDD 5 rue Roland Barthes - 75598 Paris France</p>
<p align="center">Agricultural Public Development Banks PDBs Platform</p> <p align="center">Topic: “Commitment of Agri-PDBs towards Agroecology”</p> <p align="center">Date: 6-7 Dec 2023 Time zone: CET Location: Conference Call (Microsoft Teams)</p>	
<p>Resource Persons for Asian and African countries:</p> <ol style="list-style-type: none"> Olivier PIERARD (Consultant) Oliver Oliveros (Agroecology Coalition) Jesus Alan Elizondo Flores (FIRA, Mexico) Rikke Grand Olivera (IFAD) 	<p>Resource Persons For Latin America and Caribbean countries:</p> <ol style="list-style-type: none"> Olivier PIERARD (Consultant) Oliver Oliveros (Agroecology Coalition) Rikke Grand Olivera (IFAD)
<p>Agenda</p> <p>December 6 (Latin America and the Caribbean session)</p> <ol style="list-style-type: none"> Greetings and introductions (Christian Fusillier) An overview of the concept paper: Agroecology and PDBs (Olivier PIERARD) – Q&A An introduction to the Agroecology Coalition (Oliver Oliveros) – Q&A A presentation on an experience with FIRA (Jesus Alan Elizondo Flores) – Q&A IFAD’s work on agro-ecology (Rikke Grand Olivera) – Q&A Next steps (Christian Fusillier) <p>December 7 (Africa and Asia session)</p> <ol style="list-style-type: none"> Greetings and introductions (Christian Fusillier) – An overview of the concept paper: Agroecology and PDBs (Olivier PIERARD) –Q&A An introduction to the Agroecology Coalition (Oliver Oliveros) –Q&A IFAD’s work on agro-ecology (Rikke Grand Olivera) –Q&A Next steps (Christian Fusillier) 	

Note: this synthesis note regroups the main findings of the two Working group sessions held in December 2023

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Supporting Documents circulated in advance of the Working group meeting:

- **Concept note for the PDB working group on agroecology** (EN, SP, FR)

1. Introduction

Christian Fusillier (IFAD) chaired the meeting and welcomed all the participants. He explained the objective of the session, which was to discuss commitment of Agri-PDBs towards Agroecology and identify good practices to provide a more sustainable and greener agricultural financing model.

Following a brief thank you note to all the speakers who were willing to share their experiences on this important topic, *Christian* listed the meeting schedule, and the floor was given to *Olivier Pierard* for a presentation of the Working paper.

2. Working paper discussion: Commitment of Agri-PDBs towards Agroecology (Presentation available)

The presentation discussed the concept of agroecology and its impact on Agricultural Public Development Banks (Agri-PDBs), outlining ways in which these banks can incorporate agroecology into their business strategies. Agroecology, as defined by the FAO, aims to optimize interactions between plants, animals, humans, and the environment, emphasizing the transformation of food and farming systems. It contrasts with intensive monoculture farming and aims to address challenges faced by agriculture today. The Green Revolution of the 1960s is mentioned as a precursor to the emergence of agroecology, which focuses on sustainable and resilient farming practices in response to climate change and food security challenges. The document also highlights specific agro-ecological practices and the main obstacles and challenges encountered in integrating agroecology into Agri-PDB strategies, emphasizing the need for adapted financial services, technical support, and partnerships with key players in the agro-ecological sector.

The impact of agroecology on Agri-PDBs is discussed, focusing on the history of these banks, the challenges they face due to intensive farming practices, and the potential benefits of integrating agroecology into their business strategies. The document outlines various ways in which Agri-PDBs can incorporate agroecology, such as offering adapted financial services, providing advice and technical support, promoting training and education, and encouraging partnerships and networks. It also emphasizes the importance of overcoming resistance to change, ensuring access to resources and technologies, and assessing risks and returns associated with agro-ecological practices.

Furthermore, the presentation discussed the medium- and long-term economic, environmental, and social benefits of agroecology for Agri-PDBs, emphasizing increased farm resilience, income diversification, reduced production costs, access to differentiated markets, preservation of agricultural biodiversity, and job creation. It provides a specific example of Banco Nacional de Desenvolvimento Econômico e Social (BNDES) in Brazil, which has set up specific lines of credit to support agro-ecological projects in the country, offering loans at preferential interest rates and working in partnership with research organizations and NGOs to promote agroecology.

Overall, the concept paper and the presentation provided a comprehensive overview of agroecology, its impact on Agri-PDBs, strategies for incorporating agroecology into business strategies, and the potential benefits and challenges associated with this transition. They emphasized the need for Agri-PDBs to play a key

role in promoting agroecology and supporting farmers in their transition to more sustainable farming practices, contributing to environmental preservation, farm resilience, and long-term food security.

3. A presentation on an experience with FIRA

The presentation by FIRA highlights the organization's endeavours in promoting responsible agricultural production and ensuring environmental sustainability through a variety of financial products and services. FIRA, a second-tier bank operating nationwide in Mexico, provides a diverse range of financial offerings including credit, technical assistance, guarantees, and technology transfer to support agricultural, forestry, and fishing producers, entrepreneurs, traders, and service providers. The institution's sustainability strategy is built upon three core pillars: preventing environmental damage, contributing to environmental solutions, and providing resources for long-term solutions. FIRA also incorporates agroecological approaches into its business strategies by offering customized financial services, advocating for the use of biofertilizers, adopting new technologies for optimal fertilization, and promoting environmentally sustainable agriculture.

Furthermore, FIRA's sustainable agricultural practices involve financial adjustments, such as providing up to 100% funding for sustainable credits, reducing guarantee premiums by 50 basis points, and supporting the reduction of financial costs by 400 basis points. The institution has also implemented strategies to support the use of biofertilizers, offering financial support for their acquisition, training, and advising producers on their proper use. Additionally, FIRA has adopted new technologies for optimal fertilization, including the use of variable nitrogen dosage equipment, leading to reduced fertilizer application and improved productivity. The institution has also focused on environmentally sustainable agriculture, promoting systems for sustainable production and conservation, which have shown significant cost reductions, decreased use of chemical fertilizers, and improved soil quality.

FIRA has undertaken several specific projects and programs to support environmental sustainability and responsible agricultural practices. These initiatives include:

1. **Implementation of Agroecological Approaches:** FIRA integrates agroecological approaches into its business strategies, offering tailored financial services, promoting the use of biofertilizers, new technologies for optimal fertilization, and environmentally sustainable agriculture.
2. **Use of Biofertilizers:** FIRA has implemented the "Estrategia para Impulsar la Adquisición de Fertilizantes, Uso de Biofertilizantes y Fertilización Óptima," which provides support for the acquisition of biofertilizers, offering financial assistance for their purchase, as well as training and advising producers on their proper use.
3. **Sustainable Agricultural Production:** FIRA practices sustainable production systems in its Technological Development Centers (CDT), which includes infrastructure for identifying, validating, demonstrating, and training producers in sustainable production methods. This has influenced various areas such as extensive livestock and grain production, high-value agriculture, and micropropagation.
4. **Agroforestry:** FIRA has a "Programa de Inversión Forestal" (PROINFOR) that provides technical advice, investment projects, diagnostics, certified projects, business plans, and loans to strengthen competencies in agroforestry.
5. **Water Management:** FIRA has undertaken a modernization project in Zacatecas to manage water resources, specifically in the Calera aquifer, providing financial support for this initiative.

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6. **Peer to peer extensionism Model:** FIRA has designed a "Modelo de Extensionismo de Productor a Productor" to share innovative practices among agricultural producers, identifying and socializing the best practices of innovative producers with those with lower technological development.
7. **Coffee Shade Diversification:** FIRA has set objectives for the diversification of shades in coffee plantations, maintenance of native trees, protection measures for aquifers and rivers, contour planting to prevent soil erosion, and maintenance of 30 hectares as a natural reserve.

These projects and programs demonstrate FIRA's commitment to promoting environmental sustainability and responsible agricultural practices through various financial and technical support initiatives.

Overall, FIRA's initiatives emphasize the importance of sustainable agricultural practices, offering financial and technical support to producers, promoting the use of environmentally friendly technologies, and fostering collaborations to address environmental challenges in the agricultural sector.

4. An introduction to the Agroecology Coalition

The presentation outlined the formation and purpose of the **Coalition for Food Systems Transformation through Agroecology**, established to address the significant challenges faced by current agricultural and food systems, such as environmental, climate, and health issues, as well as the fight against poverty and social inequalities. The principles of agroecology are presented as a sustainable solution, applicable to various forms of agriculture and food production systems, and contributing to resilience, economic viability, and environmental protection. As of May 2023, the Agroecology Coalition comprises around 50 countries and regional commissions, as well as more than 110 organizations. These members include farmers' organizations, research institutions, indigenous peoples' organizations, UN agencies, philanthropic foundations, and civil society organizations. The Coalition was established in September 2021, in the margins of the UN Food Systems Summit, and aims to accelerate the transformation of food systems through agroecology, aligning with the Sustainable Development Goals, the Paris Climate Agreement, and other global frameworks. Its functions include facilitating knowledge exchange, capacity building, and promoting gender-inclusive opportunities, as well as seeking political engagement and increased commitment to agroecological transformation.

Furthermore, the presentation made emphasis on the principles of governance and structure within the Coalition, which operates as a "coalition of the willing" open to members committed to implementing food system transformation through agroecology. Decision-making is based on broad consensus, reflecting the inclusive and participatory nature of the Coalition. The document also highlights the role of the Steering Committee, Secretariat, and working groups in driving the Coalition's work forward. These groups focus on areas such as research, co-innovation, education, policies, financing, investment, communications, and implementation. The Secretariat, hosted by Biodiversity International in Rome, Italy, coordinates the Coalition's activities.

Overall, the Coalition for Food Systems Transformation through Agroecology serves as a multi-stakeholder platform dedicated to promoting and implementing agroecological principles to address the complex challenges faced by current food systems. It aims to leverage the combined experience and expertise of its members to accelerate the transition towards more sustainable, resilient, and inclusive food systems, aligning with global sustainability goals and frameworks. Through its various functions and structures, the

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Coalition seeks to facilitate knowledge exchange, capacity building, and policy advocacy, while emphasizing the inclusive and participatory nature of its decision-making processes.

5. IFAD's work on agroecology

The presentation provides an overview of IFAD's work in agroecology, focusing on the Agroecology Stocktake and related projects. It emphasizes the financing and types of projects, indicating that a significant portion of financing goes to non-agroecology (AE) projects. Additionally, it highlights the Global Programme for Small-scale Agroecology Producers and Sustainable Food Systems Transformation, funded by the EU & Belgium, which encompasses areas like biosolutions, markets, advisory services, and assessment tools.

IFAD developed specific tools and methods to address challenges related to evaluating the economic viability of agroecological projects as part of its agroecology portfolio, including:

- Enhanced Economic and Financial Analysis (EFA+): The aim of this approach is to provide data-driven guidance for designing, implementing, monitoring, and adaptively managing agroecological investments at the micro (farm / enterprise) and aggregate (project / portfolio / national) levels to evaluate the viability, returns, externalities, and co-benefits of agroecological investments. A key benefit is the identification of critical inputs (bio inputs, technical assistance...), risks and incentives (e.g., investment payback periods, cash flow evolution at different transition phases, reinvestment windows...) for each model and ecoregion, and to guide financial support timing and form.
- Resilience Design and Monitoring Tool (RDMT): a tool to design and monitor progress in enhancing rural household resilience in development programmes, in order to drive continued systematic learning, adaptive management, and increased effectiveness of resilience-building interventions.

In conclusion, the presentation sheds light on IFAD's multifaceted approach to agroecology and underlines the organization's commitment to promoting sustainable and resilient agroecological practices, while also addressing the challenges and opportunities in the market for agroecological products.

6. Next steps

The next step consists of the organisation of the second stage of the working group Commitment of PDBs towards Agroecology and go deeper into the concept, as well as presenting in detail to Agri-PDBs what is already being developed by IFAD, the Agroecology coalition, as well as advanced PDBs, and engaging in a discussion and question and answer session. Following this, the PDBs that have shown interest will be invited to begin tailoring and piloting the selected tools. The Agri-PDBs will be supported in setting up and launching the pilot projects. The Platform will provide guidance and resources to ensure that the projects are implemented effectively. The Agri-PDBs will also be encouraged to share their experience with a wider audience.

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Registered office	International Fund for Agricultural Development (IFAD) Via Paolo di Dono, 44 00142 Roma, ITALY	Design/Layout	Mohamed Ali Trabelsi (IFAD)
Contact	Thierry Latreille, t.latreille@ifad.org	The Agri-PDB Platform is responsible for the content of this publication.	
Author	Olivier Pierard (Consultant)	As at	March 2024, Rome