



Inclusive Financial Ecosystem for Food Systems Transformation

Inception report

June, 2025

Colophon

<i>Title</i>	Inclusive Financial Ecosystem for Food Systems Transformation
<i>Version</i>	1.0
<i>Subtitle</i>	Inception report
<i>Date</i>	27 June 2025
<i>Project number</i>	P.067453.01
<i>Author(s)</i>	Led by: Joris Timmers, Rubiga Sivakumaran, Sippora Zoutewelle Supported by: Quinta Baajens, Paul van den Berg, Louise Boehm, Janneke de Louw, Lea Mühling, Caterina Rossi, Cathy Tran, Cristhian Veintimilla

Contact address for this publication

Rabo Partnerships B.V.

Croeselaan 18

PO-box 17100

3500 HG Utrecht

Tel +31 (0)30 2163670

Rabo.partnerships@rabobank.nl

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Registered Chamber of Commerce, Utrecht no. 30114598

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Acronyms and abbreviations

ABC	Agricultura de Baixo Carbono
ACEF	Agricultural Competitiveness Enhancement Fund
AFFP	Agricultural and Fisheries Financing Program
AFRD	Agriculture, Fisheries, and Rural Development
APR	Asia-Pacific Region
ARBs	Agrarian Reform Beneficiaries
BAAC	Bank of Agriculture and Agricultural Cooperatives (Thailand)
BB	Bangladesh Bank
BDE	Banco de Desarrollo del Ecuador
BDP	Banco de Desarrollo Productivo (Bolivia)
BDT	Bangladeshi Taka
BIRD	Bankers Institute of Rural Development (India)
BNDES	Brazilian Development Bank
BOB	Bolivian Boliviano
BPI	Bank of the Philippine Islands
BRL	Brazilian Real
BSP	Bangko Sentral ng Pilipinas
CFN	Coporaçión Financiera Nacional (Ecuador)
CNA	Consejo Nacional Agropecuario (Mexico)
DBP	Development Bank of the Philippines
DCCB	District Cooperative Central Bank
ERCA-RCEF	Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund
EUR	Euro
FAG	Agricultural Fund of Guarantees (Colombia)
FND	Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero
FPO	Farmer Producer Organization
GDP	Gross Domestic Product
GLC	Ground Level Credit
Gol	Government of India
GRIP	Graduated Rural Income Generation
HBL	Habib Bank Limited
IDB	Inter-American Development Bank
IFE	Inclusive Financial Ecosystem

INR	Indian Rupee
JLG	Joint Liability Group
KCC	Kisan Credit Card
KYC	Know-Your Customer
LAC	Latin America and the Caribbean
LBP	Land Bank of the Philippines
MAG	Ministry of Agriculture and Livestock
MFI	Microfinance Institution
MISS	Modified Interest Subvention Scheme
MSME	Micro, Small, and Medium Enterprise
MXN	Mexican Peso
NABARD	National Bank for Agriculture and Rural Development (India)
NBFC	NBFC Non-Banking Financial Company
NBP	National Bank of Pakistan
NDB	National Development Bank (Pakistan)
NPL	Non-Performing Loan
OFPO	Off Farm Producer Organizations
PACS	Primary Agricultural Credit Society
PHP	Philippine Peso
PKR	Pakistan Rupee
PKSF	Palli Karma-Sahayak Foundation (Bangladesh)
PMFBY	Pradhan Mantri Fasal Bima Yojana
PMJDY	Pradhan Mantri Jan-Dhan Yojana
PO	Partner Organization
PPCBL	Punjab Provincial Cooperative Bank
PSL	Priority Sector Lending
PTPFC	Public Tech Platform for Frictionless Credit
RBI	Reserve Bank of India
RBIH	Reserve Bank Innovation Hub
RCB	Rural Cooperative Bank
RCC	Rural Credit Cooperative
RFI	Rural Financial Institution
RO	Regional Office
RRB	Regional Rural Bank
RP	Rabo Partnerships

SADER	Secretariat of Agriculture and Rural Development (Mexico)
SAF	Sustainable Agriculture Foundation
SAFP	Sustainable Agribusiness Financing Program
SBI	State Bank of India
SBP	State Bank of Pakistan
SBV	State Bank of Vietnam
SCB	Scheduled Commercial Bank (India)
SEPS	Superintendencia de Economía Popular y Solidaria
SHCP	Ministry of Finance
SHF	Smallholder farmer
SHG	Self-Help Group
SHG-BLP	Self Help Group-Bank Linkage Program
SME	Small and Medium Enterprise
SOCAP	Cooperative Financial Society (Mexico)
SOFIPO	Popular Finance Company (Mexico)
StCB	State Cooperative Bank (India)
TA	Technical Assistance
TDA	Agricultural Development Titles (Títulos de Desarrollo Agropecuario)
UBL	United Bank Limited
UCB	Urban Cooperative Bank
UPI	Unified Payments Interface
USD	United States Dollar
VBARD	Vietnam Bank for Agriculture and Rural Development (Agribank)
VBSP	Vietnam Bank for Social Policies
VND	Vietnamese đồng
ZTBL	Zaraj Taragiati Bank Limited (Pakistan)

Executive summary

The Inclusive Financial Ecosystem for Food Systems Transformation (IFE-FST) initiative, initiated by IFAD and executed by Rabo Partnerships, addresses the persistent financing gap faced by smallholder farmers in Latin America and the Caribbean (LAC) and Asia and the Pacific Region (APR). The initiative recognises the important (potential) role of National Development Banks (NDBs) in mobilising resources and fostering inclusive rural finance through strategic partnerships, innovation, and risk mitigation. The program is executed over a two-year period and structured in four sequential phases, including 1) Inception phase, 2) Solution design phase, 3) Execution phase, 4) Dissemination phase. This report concludes the first phase, taking into account findings from desk research, (online) stakeholder consultations, and two regional roundtables in LAC and APR, respectively.

To acknowledge the position of NDBs in the IFE, the role of other financial institutions (FIs) in agricultural finance should be examined. While commercial banks often largely contribute to the sector in absolute terms, they mainly focus on medium- and large-sized producers considering the perceived risks associated with smallholder farmers. Financial cooperatives and microfinance institutions generally have a higher risk appetite, and the objective to reach underserved populations. While they contribute to filling the smallholder finance gap, it is challenging for them to do so in a sustainable and scalable manner – they often struggle with capital-, management-, governance- and digital challenges, and cannot always offer affordable interest rates.

As NDBs are not driven solely by profit but by public policy goals, this allows them to prioritise underserved sectors, and offer longer-term and lower-cost financing that other FIs avoid, this way fulfilling a countercyclical role that is inherent to the nature of NDBs. This report analyses agricultural-focused NDBs from nine countries, across APR (India, Pakistan, Bangladesh, Vietnam, Philippines) and LAC (Bolivia, Colombia, Ecuador, Mexico). The NDBs in these countries present a mix of first- and second-tier operations, and a mix of corresponding products and services, as presented in table 1.

Country	NDB	First tier	Second tier	Agriculture most important sector	Working capital	Investment Capital	Marketing capital	Consumer loans	TA to farmers
Bangladesh	PKSF ¹								
India	NABARD								
Pakistan	NBP								
Philippines	LBP								
Vietnam	AGRIBANK								
Bolivia	BDP								
Colombia	FINAGRO								
Ecuador	BanEcuador								
Mexico	FIRA								

Table 1: Overview of NDBs in scope

¹ PKSF is not a National Development Bank, but due to lack of an effectively operating NDB in Bangladesh, PKSF was proposed by APRACA and IFAD to participate in the APR roundtable.

More specifically, current practices of these NDBs include (in)direct lending, concessional finance, risk mitigation measures, sustainable agriculture finance, blended finance, and non-financial services. After conducting a detailed analysis on this, it can be concluded that NDBs' proximity to rural communities and/or their ability to scale through intermediaries enhances their reach and relevance. However, some key corresponding challenges include high operational costs, political interference, dependency on subsidies, and weak risk management, amongst others. To overcome these challenges, various worldwide best practices can be taken as an example.

These include for example BNDES' (Brazil) ABC Program for sustainable agriculture; FIRA's digital advisory program; NABARD's e-KCC for streamlined credit access, and innovative risk-sharing and blended finance models like NASIRA by FMO (the Netherlands). These examples demonstrate how integrated financial and non-financial services, digital tools, and public-private partnerships can enhance smallholders' access to financial services.

The highlighted best practices are not meant to be exclusive, but serve as input for the solution design phase, for which three countries in each country are selected. Taking into account financial ecosystem readiness, impact potential, institutional engagement, innovation potential, and risk and stability, the nine initial focus countries can be scored on indicators in each category. Based on this, proposed countries for the next phase are Bolivia, Colombia, Mexico in LAC; and India, Philippines, Vietnam in APR.

The inception phase confirms that NDBs are critical actors in bridging the smallholder finance gap. However, to unlock their full potential, tailored solutions must address institutional constraints and leverage global best practices. The next phase will focus on co-developing a toolkit for six selected countries, emphasizing risk-sharing, blended finance, and digital financial services to catalyse inclusive and sustainable food systems transformation.

1 Introduction

IFAD has developed the grant initiative titled "Inclusive Financial Ecosystem for Food Systems Transformation" (IFE-FST) to address a critical challenge in agricultural and rural development: the lack of adequate financing for small-scale farmers in developing regions. Access to finance remains a major barrier for smallholders, who require capital to enhance productivity, adopt sustainable practices, and integrate more effectively into agricultural value chains.

National Development Banks (NDBs), with their development-oriented mandates, are uniquely positioned to mobilize resources and engage public and private actors in creating a financial ecosystem that supports small-scale farmers. NDBs operate within a broader Inclusive Financial Ecosystem (IFE), which includes, among others, government bodies, private sector entities, farmers organizations and international organizations. These actors contribute to creating an enabling environment for inclusive rural financing through resource mobilization, policy alignment, innovation, and risk mitigation.

Rabo Partnerships has been entrusted with the implementation of IFAD's grant. Its primary objective is to enhance the capacity of NDBs to deliver tailored and effective financial services that address the specific needs of small-scale farmers. This will be achieved by systematizing best practices in rural finance, fostering strategic partnerships within the IFE, and piloting innovative financial solutions in selected countries.

The program will be executed over a two-year period and is structured into four sequential phases:

1. Inception Phase
2. Solution Design Phase
3. Execution Phase
4. Dissemination Phase

The Inception Phase aims to systematically capture the experiences and best practices of NDBs in financing small-scale farmers across selected countries. This phase employs a dual approach:

- Extensive desk research to identify effective models and financial instruments utilized by NDBs, as well as to analyse the key challenges and opportunities they encounter in serving smallholder farmers. This included the consultation of existing sources on the topic from e.g., the Agri-PDB platform, ALIDE, and APRACA.
- Stakeholder engagement through online consultations with NDBs and other IFE actors—including IFAD country teams, central banks, private banks and international organizations—to gain deeper insights into the structure of agricultural finance landscape in the selected countries, the roles and instruments of NDBs, and the specific challenges of serving rural clients.
- Organization of two regional roundtables in Latin America and the Caribbean (LAC) and Asia-Pacific (APR), with the support of ALIDE and APRACA respectively, to promote dialogue and engagement between NDBs and other actors in the IFE and gain a better understanding of their challenges and best-practices.

This report summarizes the outcomes of the desk research, online stakeholder consultations, and regional roundtables for the nine pre-selected countries from the LAC and APR regions: Mexico, Ecuador, Colombia, Bolivia, Bangladesh, India, Pakistan, the Philippines, and Vietnam. It also highlights regional best practices identified during the inception phase.

Finally, the report proposes a criteria matrix to guide the selection of three countries from each region (LAC and APR) to advance with to the Solution Design Phase, during which a tailored toolkit will be developed and adapted to the specific local contexts.

2 Conclusions of country analyses and roundtables

Prior to the roundtables that were conducted in the Dominican Republic and in Indonesia, RP conducted in-depth country analyses of the 9 selected countries for the IFE-FST program. For these analyses, we relied on desk research, interviews with key stakeholders and experiences from other projects of RP and its partners. A more detailed description of these country analyses and call reports of the roundtables can be found respectively in Annex A and B of this report, but for the sake of readability we will include the conclusions of these country analyses and roundtables in this chapter.

2.1 How the IFE serves the agricultural sector

Across LAC and APR, the Inclusive Financial Ecosystem plays a key role in enhancing agricultural productivity and supporting smallholder farmers. While the structure and effectiveness of this ecosystem vary by country, it is usually composed of central and commercial banks, financial cooperatives and microfinance institutions, value chain actors, and National Development Banks (NDBs), each contributing to agricultural finance in a different way.

While agriculture is never the largest sector in the loan portfolio of commercial banks, they still contribute significantly in absolute terms. When zooming in on Mexico, BBVA dedicates around 4% of their portfolio to agriculture, resulting in USD 2.6 billion. In Ecuador, Banco Pichincha is estimated to have dedicated around 25% of their overall loan portfolio towards the agricultural sector, equalling to USD 2.4 billion. Considering that the NDBs in these countries have outstanding loans of USD 6.14 billion and USD 0.5 billion to the sector, respectively, it can be concluded that commercial banks play an important role in agricultural finance in absolute terms. When examining APR, the proportion of agricultural loans appears comparable. In Pakistan, the largest commercial bank, United Bank Limited (UBL), allocates 5.4% of its loan portfolio to rural lending, amounting to approximately USD 1.5 billion. In contrast, India shows a marked difference between public and private sector commercial banks in their support for agriculture. The State Bank of India (SBI), the largest public bank, holds an agricultural loan portfolio of USD 37.4 billion, representing 8% of its total loans. Meanwhile, HDFC, a leading private sector bank, has an agricultural loan portfolio of USD 21.6 billion, which is 4.6% of their total portfolio. In the Philippines, the agricultural sector represents a relatively small portion of commercial bank lending. Banco de Oro Unibank allocates just 2.5% of its total loan portfolio to agriculture - the highest among all commercial banks in the country.

However, the contribution of commercial banks can mainly be attributed to financing medium and large producers, as well as other large agri value chain companies. Exceptions are Banco FIE in Bolivia, focusing on MSMEs, and Banco Pichincha in Ecuador, the latter claiming a 57% market share in the banking sector's microcredit segments. But examples like these are rather limited. Smallholder farmers are often perceived as high-risk, mainly because of four types of risk, including:

- Credit risk: because of their informality, smallholder farmers (SHFs) often lack formal credit histories or collateral, making it difficult for banks to assess their creditworthiness.
- Production risk: the variability in agricultural output due to external (climate, pests, diseases) and internal (farm management) factors.
- Marketing risk: the inability to sell on time, in the right quantities, or to an acceptable quality standard. Farmers and Small and Medium Enterprises (SMEs) often lack facilities for storing products to sell when prices are more favourable.
- Price risk: the likelihood of financial losses due to changes in the level or volatility of commodity prices.

Commercial banks are often not equipped to fully understand and manage the risks specific to smallholder farmers. Because they do not have the technical knowledge necessary to understand the economics of farming and how agricultural markets work, many commercial banks fail to undertake detailed diagnostics to identify the specific risks associated with smallholder farmers, which leads to the perception of it being a high-risk sector. As a way to manage risk, banks often request collateral from smallholder farmers and MSMEs, who often have little or nothing to offer. Either

because they do not own land or other valuable assets or because they live in areas where land property rights are not recognised. The lack of land ownership (so-called ‘tenant farmers’ in India) is a major challenge across the world for increasing access to finance for smallholder farmers. As a result, they are excluded from formal credit systems. For example, it is estimated that in India alone, around 21 million tenant farmers remain financially excluded, even from subsidized lending schemes. For example, in Mexico over half of rural producers operate on communal lands called “Ejido”. This system was established after early 20th-century agrarian reforms. While the system ensures communal land rights, it typically does not allow land to be used as collateral for loans.

Other types of financial institutions, such as financial cooperatives and MFIs, contribute to filling this smallholder finance gap, according to their objective to reach underserved populations. Especially financial cooperatives are culturally embedded in local communities as they are governed by their members, and therefore closer to smallholder farmers and their needs. Mostly, financial cooperatives are regulated by a different entity than commercial banks. In Colombia, for example, Superfinanciera oversees commercial banks, development banks, and MFIs, while Supersolidaria oversees all types of cooperatives, including financial cooperatives. In India, cooperative banks are supervised by the National Bank for Agriculture Development (NABARD), whereas commercial banks are supervised by the Reserve Bank of India. Also, financial cooperatives - Primary Agricultural Credit Societies (PACS) - operate under the cooperative law, allowing them greater flexibility in the range of services they can offer to their members, compared to non-financial cooperatives, such as Farmer Producer Organisations, which are governed by company law. Considering their closeness to local communities and relationships with members, cooperatives are less rigid on collateral requirements, benefitting smallholders without formal incomes and/or land titles. In Mexico, cooperative financial societies (SOCAPs) and popular finance companies (SOFIPOs), are usually lending relationship based. At the same time, financial cooperatives often struggle with limited capital, management- and governance challenges, and technology gaps. So, while they play an important role in smallholder finance, cooperatives alone cannot fill the smallholder finance gap in a sustainable way. In countries like Vietnam and Bangladesh, microfinance institutions (MFIs) play a crucial role in advancing financial inclusion. Vietnam has four MFIs licensed by the State Bank of Vietnam (SBV), collectively accounting for 70% of all sector loans.² These licenses enable them to accept deposits and borrow in foreign currencies. Bangladesh, home to one of the world’s most developed MFI sectors, has 731 licensed MFIs under the Microcredit Regulatory Authority (MRA), serving 31.53 million borrowers—18% of the population—of whom 90% are women.³ Despite their outreach, MFIs are often criticized for their single focus on credit instead of an all-finance view and their high interest rates, frequently exceeding 20-40%, which continue to pose barriers to financial access for farmers and also increases the risk of over indebtedness.

Apart from various types of financial institutions as mentioned above, value chain actors (buyers and input suppliers), aim to fill the financing gap through alternative methods. In all countries, it was found that smallholders receive inputs on credit from suppliers or cash advances from off-takers in exchange for future harvests. While successful examples of this are prevalent, it has proven to be less scalable than financing from formal FIs, who usually have more financial resources and services, broader access to risk mitigation instruments, and a larger market to tap into. Moreover, access to the formal financial system also enhances formality and builds credit history, which makes it easier to access credit in the future.

To summarise, various channels and methods exist to finance smallholder farmers in LAC and APR. Still, a large gap between demand and supply persists. Not only in terms of amounts – on which exact estimations are challenging to find – but also the type of finance being offered. Most loans available to smallholders are short-term, hindering investments in productivity-enhancing assets. Additionally, small-scale farmers often lack the financial literacy or documentation to access credit. And while agricultural insurance programs exist and are often subsidised, uptake

² Source: ADB report

³ Source: MRA report

remains low, for example with 7% in Mexico, 8% in Ecuador and only 5% of the agricultural insurance policies in the Philippines are linked to credit.⁴

National Development Banks (NDBs), with their unique position, mandates, and tools, can play a crucial role in addressing these challenges, as also stated by Finance in Common in their Reference Book on Public Development Banks.⁵ As NDBs are not driven solely by profit but by public policy goals, this allows them to prioritise underserved sectors, and offer longer-term and lower-cost financing that other financial institutions (FIs) avoid. Additionally, they can deploy instruments that reduce the perceived risk of lending to smallholders, such as credit guarantees and blended finance structures. Most selected NDBs (FIRA, FINAGRO, BDP, NABARD, LBP) operate (partly) as second-tier institutions, allowing them to leverage local knowledge and infrastructure with other FIs. Additionally, NDBs often provide more than just credit: with technical assistance they improve productivity and financial literacy of farmers, and their digital platforms provide connections to buyers. Nevertheless, many NDBs face similar challenges in their operating models. As also stated by World Bank in its Survey of National Development Banks (2017): ‘The most important challenges identified, in descending order, were the need to “strengthen their risk management capacity,” “become financially self-sustainable,” “improve corporate governance and transparency,” “acquire more flexibility to hire and retain highly qualified staff,” and “reduce undue political interference”.’

The next section further elaborates on the role of NDBs in smallholder finance in both regions (APR and LAC), providing some concrete examples.

2.2 Asia Pacific Region

2.2.1 Overview of selected countries and NDBs

In the APR region, Bangladesh, India, Pakistan, the Philippines, and Vietnam were selected for the Inception Phase – which is in alignment with IFAD’s strategic priorities, the active presence of different types of NDBs and a clear need for enhanced financial inclusion for smallholder farmers (SHFs) in all of these countries. Table 2 provides a macro-overview of the five selected countries. Clear differences emerge between Southeast Asia (Vietnam and the Philippines) and South Asia (Pakistan, Bangladesh and India): the South Asian countries in this selection generally have larger populations, a higher share of agriculture in GDP, and greater levels of financial inclusion. India, which ranks highest in financial inclusion, interestingly shows no disparity in account ownership between rural and urban adults. Although not shown in the table, it is noteworthy that Pakistan has made serious efforts to enhance financial inclusion, with adult account ownership rising from 16% in 2015 to 64% in 2023.⁶ As agriculture in developing countries is often labour-intensive and low in productivity, it is unsurprising that countries with large populations also have a high proportion of employment in agriculture. In contrast, the geography of Maritime Southeast Asia—particularly the Philippines, with its many islands—poses challenges for agricultural development and efficient transportation, as well as challenges in reaching customers and providing financial services. Nonetheless, the high rate of smartphone ownership (73.6%) in the Philippines indicates strong potential for the expansion of digital financial services.

⁴ Source: World bank report - 2021 data.

⁵ Source: Finance in Common. (2025). *Public Development Banks, A Reference Book*. [FICS publishes a first Book of Reference on Public Development Banks | Finance in common](#)

⁶ Source: National Financial Inclusion Strategy, SBP

Country	Population size (in millions)	Agriculture as % of GDP	Share of employment in agriculture (2023)	Financial inclusion, total (Adults with an account)	Financial inclusion, rural (Adults with an account)
India	1,438.1	16%	44%	77.5%	77.5%
Pakistan	225	19%	36%	64.0%	-
Bangladesh	171.5	11%	35%	54.6%	50%
Vietnam	100.4	12%	33%	76.0%	-
Philippines	115.8	9.2%	22%	55.5%	48%

Table 2: Macro overview of selected countries in APR (World Bank, FinDev, 2025)

NDBs play an important role in enhancing financial inclusion in the rural regions of the APR countries. There are many similarities in the products and services NDBs provide to their customers (table 3) directly (first tier), through other FIs (second-tier), or both- such as Land Bank of the Philippines (LBP). However, it is important to recognize that not all countries have a well-functioning NDB, and among those that do, not every NDB has the mandate to serve agriculture. For example, the National Bank of Pakistan (NBP) does not prioritize agriculture as a core sector, resulting in a limited agricultural portfolio of just 7%, which is largely focused on large rural infrastructure and government projects, leaving SHFs finance entirely underserved.

Country	NDB	First tier	Second tier	Agriculture as the most important sector in the portfolio	Working capital	Investment Capital	Marketing capital	Consumer loans	Technical assistance to farmers
Bangladesh	PKSF ⁷								
India	NABARD								
Pakistan	NBP								
Philippines	LBP								
Vietnam	AGRIBANK								

Table 3: Overview of NDBs in selected APR countries (Rabo Partnerships, 2025)

The following section explores the NDB landscape across the selected APR countries, pointing out both the differences and similarities in how these institutions serve SHFs and the challenges they encounter.

⁷ PKSF is not a National Development Bank, but due to lack of an effectively operating NDB in Bangladesh, PKSF was proposed by APRACA and IFAD to participate in the APR roundtable.

2.2.2 NDBs' contributions and challenges in smallholder finance

2.2.2.1 Direct lending

Among the five NDBs, there are three institutions that directly lend to agriculture customers. As mentioned in the previous section, NBP has a limited agriculture portfolio. Agribank and LBP on the other hand, both maintain a strong focus on agriculture; Agribank, also known as Vietnam Bank for Agriculture and Rural Development (VBARD), holds a dominant position in Vietnam's agricultural finance sector, with a total loan portfolio of USD 68 billion—60% of which is dedicated to agriculture. This represents approximately half of the country's agricultural lending market. The bank aims to increase this share to 65% by the end of 2025,⁸ reinforcing its commitment to rural and agricultural development. Meanwhile, LBP is the Philippines' largest agricultural financier, allocating 47% of its portfolio—equivalent to USD 12.4 billion—to agriculture, fisheries, and rural development. Of this, 99.9% is disbursed through direct lending, with only a small share channelled via partner financial institutions, microfinance institutions (MFIs), and rural banks. In 2023, the former CEO of Standard Chartered Philippines was appointed CEO of LBP. One of her key initiatives was to streamline the bank's lending approach, i.e. by consolidating numerous complex, crop-specific schemes into 15 simplified programs. This reform aimed to make it easier for bank staff to offer flexible loans aligned with farmers' production cycles, thereby improving service delivery and accessibility.⁹

2.2.2.1.1 Challenges of direct lending

Direct lending requires NDBs to maintain a strong rural presence, along with the capacity to conduct thorough risk assessments and monitor loans effectively. In many cases, the absence or either capability has contributed to relatively high levels of NPLs and long turnaround times. State-owned enterprises often have a strong focus on procedures and are less focused on client-centric journeys than their commercial counterparts. This often has a negative impact on customer experience. To address challenges such as the distance to customers, and the lack of agriculture as a priority sector, NBP adopted a wholesale lending model next to its direct lending model. This approach allows NBP to channel funds through MFIs, which have deeper outreach in underserved rural areas. Finally, state-owned NDBs face pressure to lend based on political priorities, which can negatively influence the portfolio quality. This challenge affects not only NDBs engaged in direct lending, but also those operating through indirect channels—as well as their partner FIs.

2.2.2.2 Indirect lending

NABARD in India, PKSF in Bangladesh, and through a lesser extent LBP and NBP, operate through indirect lending mechanisms. NABARD is one of India's largest financial institutions dedicated to rural development and agricultural financing. As of March 31, 2024, their balance sheet reached USD 106 billion. NABARD operates through 31 Regional Offices (ROs) across India, each responsible for overseeing rural credit and development programs within their respective states. To ensure grassroots-level engagement, it has also deployed District Development Managers (DDMs) in over 400 districts, facilitating direct interaction with rural stakeholders. NABARD mainly channels agricultural financing through the State Cooperative Banks (StCBs) and Regional Rural Banks (RRBs). Its most widely adopted product is KCC (Kisan Credit Card) – a subsidized, revolving credit facility designed to meet the short-term credit needs of farmers. In addition to its financing role, NABARD also acts as the supervisor of SCBs and RRBs.

While the officially designated NDBs focusing on agriculture in Bangladesh are Bangladesh Krishi Bank (BKB) and Rajshahi Krishi Unnayan Bank (RAKUB), PKSF is widely recognized as a key institution playing an NDB-like role. PKSF focuses on enhancing both financial and non-financial services for SHFs through innovative and tech-driven

⁸ Source: ; Agribank, Annual Report, 2024

⁹ Source: Roundtable, 28 May 2025

solutions and currently channelled USD 852 million in outstanding loans through its partner organizations (POs), primarily MFIs. In contrast, BKB's primary function is to channel government subsidies to agricultural beneficiaries. Its financial health has been deteriorating over the past years. As of FY2023–24, BKB reported a net loss exceeding USD 188 million, with non-performing assets amounting to USD 1.3 billion. By the end of 2024, the bank faced a capital shortfall of USD 1.5 billion. In early 2025, BKB and RAKUB agreed to merge; a strategic move initiated by the government and Bangladesh Bank aimed at strengthening oversight in the banking sector, lowering operational costs for both institutions, and enhancing customer service delivery.

2.2.2.2.1 Challenges of indirect lending

Indirect lending often leads to less visibility into how funds are ultimately used by the final borrowers, making it difficult to ensure alignment with development goals and to monitor impact effectively. NABARD's Bankers Institute of Rural Development (BIRD), which is dedicated to training, capacity building and research, has noted that while their researchers conducted numerous impact studies, they are typically limited to specific projects. Comprehensive impact monitoring of general refinance activities across RRBs and SCBs remains a significant challenge. Additionally, lack of technical, managerial, and financial capacity at intermediary-level to effectively manage and disburse funds, can lead to inefficiencies and misuse of NDB funds. In the case of India, it is important to recognize that the maturity and level of professionalism among RRBs and SCBs varies significantly across different Indian states. PKSF addresses capacity gaps in Bangladesh at both the PO and farmer levels by investing heavily in capacity-building initiatives—an approach it considers essential for the effective implementation of its lending programs. However, given that PKSF works with 278 POs, this capacity-building approach is resource-intensive and presents significant challenges to scaling up its lending operations. Finally, multiple layers in the lending chain can increase administrative and operational costs, reducing the overall efficiency of fund deployment. For NABARD, the challenge is more pronounced than for PKSF due to the complexity of its lending structure. NABARD operates through a three-tier system—SCBs, District Central Cooperative Banks (DCCBs), and Primary Agricultural Credit Societies (PACS)—before reaching the end beneficiaries. In contrast, PKSF works through a single layer of POs, allowing for more direct engagement and minimizing the number of intermediaries that could add mark-ups to interest rates.

2.2.2.3 Concessional finance

Among all solutions presented by the selected NDBs during the roundtable as well as the desk research conducted, concessional finance stood out as the most common tool to provide SHFs with affordable credit. As mentioned in the previous section, KCC is the most common concessional loan product in India with more than 77 million borrowers resulting in USD 114.6 billion outstanding loan amount in 2024. The Government of India subsidizes 1.5% (nominal interest rate) to banks – private, public, cooperative and rural banks - for providing short-term agricultural loans and provides an additional Prompt Repayment Incentive of 3% (nominal interest rate) to farmers that repay their loans before the due date. Another example of concessional financing comes from the Philippines, where LBP works closely with the Department of Agriculture to extend credit support for agricultural and agri-related initiatives across the value chain. This is facilitated through programs such as the Agricultural Credit Support Project and the Agricultural Competitiveness Enhancement Fund (ACEF). As the designated implementing agency, LBP receives government funds and is responsible for both disbursing loans to beneficiaries and collecting repayments. Under the ACEF program, LBP has disbursed USD 213 million to nearly 80,000 loan accounts, offering financing at a concessional interest rate of 2% per annum.

2.2.2.3.1 Challenges of Concessional finance

Concessional financing, while beneficial in the short term, can foster dependency and unrealistic expectations among borrowers. When policies shift or funding is withdrawn, the sudden change can have severe negative consequences for beneficiaries. Additionally, the availability of subsidized credit can discourage private sector participation, as it undermines the viability of commercial financial products. Furthermore, loan waivers are often linked to concessional loan products. These waivers often make the market unattractive for banks, especially when the government's reimbursements are delayed or insufficient. In many cases, banks are left to absorb the financial burden. This

environment can also lead to poor repayment behaviour, as borrowers may delay or avoid repayments in anticipation of future waivers.

As also stated by Gutierrez & Kliatskova of World Bank Group: ‘Subsidized lending is often used to address market failures that prevent access to finance.¹⁰ However, it is the second-best option at least as it addresses the symptoms instead of the cause of the illness, and it has unintended secondary effects. Furthermore, often loan pricing is not the problem but lack of access due to lack of credit history or collateral, and borrowers will be able and willing to pay higher rates than the ones offered by the NDB if they were just offered credit. For these reasons, subsidies should be used sparsely and when the positive effects are likely to outweigh the associated inefficiencies.’

2.2.2.4 Risk mitigation: insurance & guarantees

NDBs increasingly recognize the need to move beyond concessional financing and are shifting toward risk mitigation strategies to create more leverage and encourage private sector participation. In this context, NABARD has established a Farmer Producer Organization (FPO) Guarantee Fund aimed at encouraging commercial and cooperative banks across India to lend to these traditionally underserved groups. The fund offers credit guarantee coverage of up to 85% for working capital and term loans, with ticket sizes ranging from USD 10,000 to USD 200,000.

Another example is PKSF, which has a livestock risk mitigation program, where ADB provides finance and PKSF provides technical support—such as veterinary services, vaccinations, and feed advice—to reduce risks and decrease livestock mortality through education and knowledge-sharing.

2.2.2.4.1 Challenges of risk mitigation measures

Many banks face challenges in adopting effective risk mitigation measures due to a lack of in-house expertise and limited access to reliable data on climate, weather patterns, and crop yields. This makes it difficult to accurately assess and monitor agricultural and climate-related risks. Additionally, collaboration with third parties—such as insurers or government agencies—can be complex and time-consuming, further slowing implementation. Moreover, when risk mitigation tools are overly standardized, they often fail to address localized risks, such as region-specific climate threats or unique market dynamics, reducing their effectiveness.

2.2.2.5 Sustainable agriculture finance

The increased focus on green and sustainable finance initiatives is evident and was highlighted by several NDBs during the regional roundtable. Agribank in Vietnam announced its strategic focus on green agriculture, sustainable forestry and renewable & clean energy. A concrete example of this commitment is Agribank’s implementation of a dedicated lending program aimed at promoting high-tech and environmentally friendly agriculture. With a minimum funding allocation of USD 2 billion, the program targets a wide range of stakeholders—including enterprises, cooperatives, cooperative unions, and farm owners—engaged in various stages of large-scale, safe agricultural production chains. Agribank offers reduced interest rates, ranging from 0.5% to 1.5% lower than the preferential lending interest rates typically applied to the agricultural and rural sectors. In its neighbouring Thailand, the Bank for Agriculture and Agricultural Cooperatives (BAAC) currently focuses on the development of loan products and financial literacy training programmes in collaboration with grant support from the Green Climate Fund (GCF) and the German government (GIZ). The activities are part of a larger effort to support Thai rice farmers with transitioning to climate-resilient farming. The GCF committed to invest EUR 38 million to strengthen climate-smart rice farming in Thailand with the aim to reach 250,000 smallholder farmers and expectation to mitigate 2.5 million tonnes of CO₂ equivalents by 2028.

¹⁰ Source: World Bank. (2021). *National Development Financial Institutions: Trends, Crisis Response Activities, and Lessons Learned*. [National Development Financial Institutions: Trends, Crisis Response Activities, and Lessons Learned](#)

It's not only NDBs but also central banks that are playing a growing role in advancing green finance. For example, Bangladesh Bank has established a dedicated Sustainable Finance Department, which provides green finance solutions to first-tier banks and supports agribusiness and technology-related ventures through a special startup fund. The need and potential for technology-driven solutions in sustainable finance is visible. Institutions like PKSF are embracing these opportunities by developing sustainable agriculture loan products that leverage Geographic Information Systems (GIS) to analyse soil composition and crop suitability. This approach enables FIs to tailor financing to local environmental conditions, enhancing both the effectiveness and sustainability of agricultural investments.

2.2.2.5.1 Challenges of sustainable agriculture finance

While green and sustainable finance is essential for advancing the transition to sustainable food systems, both FIs and SHFs face significant barriers in providing and accessing such financing. One major challenge in many Asian countries is the absence of a national green taxonomy, which makes it difficult for FIs to clearly define what qualifies as green finance, as is also concluded by Prasun Kumar Das and Azeta Cungu in their global Landscape Study for FAO (2023).¹¹ This lack of standardized classification hinders the development and structuring of tailored sustainable finance products for the agricultural sector. There is a lack of blended finance instruments or risk-sharing mechanisms to support the long-term financing that farmers need to adopt sustainable agricultural practices. Without these tools, financial institutions are often hesitant to invest due to the perceived risks. Additionally, many farmers lack access to markets that reward sustainability, which reduces the incentive to pursue green finance and transition to environmentally friendly practices.

2.2.2.6 Combining financial and non-financial services

During the roundtable, NDBs emphasized that the most effective approaches are those that integrate financial services with technical assistance. Grants serve as catalysts to pilot new concepts and can partly be used to deliver technical support to drive adoption of such concepts, while loans enable scaling up programs and ensure continuity for farmers. To this extent, PKSF collaborates with the ADB, IFAD and the European Union (EU) on projects such as the Rural Microenterprise Transformation Project and Promoting Agricultural Commercialization and Enterprises. Another example comes from Agribank, which has provided technical assistance to support the formation of loan groups (joint liability groups) and women's associations that promote peer accountability—an approach that has resulted in impressively low default rates, averaging just 0.6%.

Interestingly, many non-financial services focus on making the lives of SHFs easier by supporting them with access to agri inputs and market linkages. For instance, SBP has established integrated service hubs, functioning as “one-stop shops” for farmers, where inputs and value-added services are offered in collaboration with financial institutions. Another example comes from BAAC, which has created a Farmer Product Development Unit that helps farmers build market connections and supports the formation of agricultural marketing cooperatives composed of member aggregators.

2.2.2.6.1 Challenges of combining financial and non-financial services

Providing non-financial services requires significant investment in time, personnel and infrastructure. These services often do not generate direct revenue for the FI, making them financially unsustainable without external support or subsidies. Also, non-financial services are often context-specific, making it difficult to scale across regions and client segments. Finally, it is challenging to measure the impact of non-financial services and link them directly to financial outcomes, such as improved productivity or positive repayment behaviour. This may discourage FIs to adopt such

¹¹ Source: Das, P. K., & Cungu, A. (2023). *Green finance as a critical lever for delivering sustainable agrifood systems- A global landscape study*. FAO. [Green finance as a critical lever for delivering sustainable agrifood systems – A global landscape study](#)

services. Nonetheless, non-financial services are crucial in building the required capabilities and infrastructure to increase access to finance for smallholder farmers. Since private sector FIs are not competing with each other on these services, it provides a fertile ground for NDB to take a lead in coordinating, developing and (partly) financing these non-financial services in their country.

2.3 Latin America and the Caribbean

2.3.1 Overview of selected countries and NDBs

Upon alignment with IFAD, selected countries in the LAC region are Bolivia, Colombia, Ecuador, and Mexico. From a macroeconomic perspective, these four countries vary on many aspects, as shown in the below table. Yet, two key similarities can be noted. First, the % employment in agriculture is in all countries much higher than the % of GDP. In Colombia the difference is 5.3 percentage points (p.p.), up to a difference of 22.3 p.p. in Ecuador.

Country	Population size (in millions)	Agriculture as % of GDP	Share of employment in agriculture (2023)	Financial inclusion, total (Adults with an account)	Financial inclusion, rural (Adults with an account)
Bolivia	10.5	13.5	24%	68.9%	40%
Colombia	52.3	8.7	14%	59.7%	54%
Ecuador	18	7.7	30%	64%	35%
Mexico	129	3.8	12%	68%	47%

Table 4: Macro overview of selected countries in LAC (World Bank, 2025)

Using highly efficient (i.e. mechanized) agricultural producing countries as a reference, in Australia the difference is 0.6 p.p., and in the Netherlands 0.4 p.p.^{12,13} As such, the four selected countries have a huge potential to increase their productivity in agriculture. To do so, access to credit is needed to make the required investments in mechanisation, infrastructure, and other measures that increase efficiency. However, access to credit is often lacking in agriculture. This is partly reflected by the second similarity among the countries, with financial inclusion being lower in rural areas compared to the overall rate of the country. The difference is largest in Ecuador, with 29 p.p.

NDBs can play a (potential) key role in enhancing access to finance for the agricultural sector and rural areas at large. Next sections dive deeper into NDBs' approaches to this and the challenges they encounter. As a starting point, the below table provides an overview of the most relevant NDB in each country for the scope of this project. As can be noted, they represent a mix between first- and second-tier financing. Moreover, while FINAGRO and FIRA only finance the agricultural sector, BDP and BanEcuador finance other sectors as well. For the latter, other sectors make up around 75% of the loan portfolio. A detailed description about each NDB can be found in the Annex.

¹² According to World Bank data, agriculture is 2.6% of GDP, and 2% of total employment is in agriculture.

¹³ According to World Bank data, agriculture is 2.6% of GDP, and 2% of total employment is in agriculture.

Country	NDB	First tier	Second tier	Agriculture as the most important sector in the portfolio	Working capital	Investment Capital	Marketing capital	Consumer loans	Technical assistance to farmers
Bolivia	BDP								
Colombia	FINAGRO								
Ecuador	BanEcuador								
Mexico	FIRA								

Table 5: Overview of NDBs in selected countries (Rabo Partnerships, 2025)

2.3.2 NDBs’ contributions and challenges in smallholder finance

2.3.2.1 Direct lending

Two of the selected NDBs directly lend to their end beneficiaries: BanEcuador and BDP. For BanEcuador, this is their only way of operating – they do not act as a second-tier institution. They provide direct credit to rural producers through a network of 170 branches that also reach remote and underserved areas.

BDP, however, added first-tier operations to their activities in 2015, after 19 years of operating only as a second-tier institution. The key reason for this was that the original model – relying on financial intermediaries – was not effectively reaching rural areas or smallholder farmers. These intermediaries often had limited geographic coverage and a low willingness to assume the risks associated with the agricultural sector, making it difficult for BDP to fulfil their development mandate. By introducing first-tier operations, BDP gained the ability to directly manage credit design, disbursement, and monitoring, allowing for more tailored and responsive financial services. An example includes “BDP Agropecuario”, which finances a wide range of agricultural activities including crop production, livestock rearing, and the production of animal-origin goods like milk and honey. This is BDP’s most widely used product, accounting for 38% of the microenterprise portfolio and 14% of the SME/large enterprise portfolio. Its success lies in the flexible repayment terms aligned with agricultural cycles; grace periods of up to 6 months (micro) or 2 years (SMEs); and concessional interest rates (between 6-11.5% according to size of the institution).¹⁴

2.3.2.1.1 Challenges of direct lending

Direct lending by NDBs also presents several challenges. As it requires NDBs to maintain a broad physical presence in rural areas, it increases operational overhead. Additionally, NDBs must directly assess and manage the creditworthiness of smallholders, increasing the risk of NPLs. In its flagship program “Crédito 1x30” (1% interest over 30 years), BanEcuador witnessed a rapid increase of NPLs, reaching nearly 25% - the highest in Ecuador’s banking sector.¹⁵ This threatens the financial sustainability of the institution, and with that the potential long-term positive impact it can make. Additionally,

¹⁴ Source: BDP. (2025). *Resumen de Productos*

¹⁵ Further elaborated in section 6.4.9.1

political interference with NDBs' lending policies can severely impact the viability of direct lending, as governments sometimes intertwine social support programs into lending, or announce debt waivers to gain electoral support. Managing this political interference was also an important common theme discussed between the NDBs during the roundtables.

2.3.2.2 *Second-tier lending*

In Mexico and Colombia, NDBs primarily operate as second-tier institutions, channelling funds through commercial banks, financial cooperatives, and MFIs. FIRA refines loans through over 150 intermediaries, including banks and cooperatives. A key feature of FIRA's model is its flexibility: intermediaries can access refinancing lines tailored to different types of credit (including working capital, investment and marketing).

FINAGRO similarly distributes subsidised credit through 70 affiliated intermediaries across Colombia, including both banks and cooperatives. It uses a tiered system of credit lines and guarantees to support small, medium, and large agricultural producers.

2.3.2.2.1 *Challenges of second-tier lending*

While second-tier lending allows NDBs to have a wide geographical scope without having to carry the responsibilities of operating a branch network, it also comes with challenges. For example, to become an affiliated intermediary of FINAGRO, all types of financial institutions must meet the same requirements. These include:

- Operational capacity to manage agricultural credit products.
- Integration with FINAGRO's digital platform for credit registration and subsidy management.
- Adherence to FINAGRO's service manual, which outlines detailed procedures for credit origination and disbursement; monitoring and reporting; and compliance with AML and anti-terrorism financing protocols.

These requirements are essential for ensuring transparency, accountability, and proper use of public funds, but at the same time they create administrative burdens for intermediaries and limit the potential outreach of an NDB. Especially smaller financial cooperatives may lack the technical infrastructure or staff capacity to fully comply. This can lead to reduced participation of smaller intermediaries who are closest to underserved rural populations.

2.3.2.3 *Risk mitigation through guarantees*

Among the four countries analysed, Colombia and Mexico have institutionalised guarantee funds that are actively used by their NDBs, while Ecuador and Bolivia have more limited or emerging structures in place.

FINAGRO operates the "Fondo Agropecuario de Garantías" (FAG), a specialised guarantee fund that supports access to credit for agricultural and livestock projects. The fund provides partial guarantees to loans issued by financial intermediaries, covering up to 90% of the loan amount for low-income smallholders. The coverage percentage is tiered by borrower type – ranging from 50% for large producers to 90% for smallholders. The guarantee premium is paid by the borrower through the intermediary, and varies between 0.5% and 2.5% of the loan amount. In a study conducted by FAO, the FAG instrument was also identified as a global best practice that fosters financing for enterprises active in the agricultural sector.¹⁶

In Mexico, FIRA offers similar risk-sharing instruments through its FEGA trust fund. FEGA provides partial credit guarantees to financial intermediaries, typically covering 30-70% of the loan principal. In some cases, the guarantee fee is subsidised by the Ministry of Agriculture, further incentivising uptake.

¹⁶ FAO. (2021). *Impact evaluation of credit guarantee schemes in agriculture*. [Impact evaluation of credit guarantee schemes in agriculture](#)

2.3.2.3.1 Challenges of risk mitigation through guarantees

These examples from FINAGRO and FIRA both rely on financial intermediaries to channel the guarantees. In the case of FAG, it was reported that uptake remains limited. This can be either because intermediaries and farmers are unaware or do not fully understand how to access it. Additionally, even with partial guarantees provided, some lenders remain reluctant to serve smallholder farmers due to perceived high risk, high costs of distribution and/or low profitability.

2.3.2.4 Blended finance

Blended finance structures are increasingly used by NDBs to combine public and private capital in ways that reduce risk and improve the affordability of credit for smallholder farmers. FIRA has developed a range of blended finance schemes in collaboration with the Ministry of Agriculture (SADER). In practice, FIRA acts as an operator of government support programs that complement credit with non-reimbursable funds (grants). For example, SADER may provide direct subsidy, interest-rate bonus, or guarantee funds for certain target groups, while FIRA channels the complementary loan portion through its network of financial intermediaries. The grant component typically covers a portion of the project cost or acts as a first-loss buffer, thereby de-risking the loan. An illustrative case is the “Crédito Ganadero a la Palabra” program, where FIRA administers subsidised livestock loans bundled with government-provided cattle. The government’s in-kind grant reduced the loan principal farmers had to repay. This approach allows FIRA-backed credit to reach riskier or less profitable segments by filling the viability gap with public funds.

Another example comes from FINAGRO, who issues “Títulos de Desarrollo Agropecuario” (TDAs), or Agricultural Development Titles. TDAs are one-year maturity financial instruments issued by FINAGRO and indexed to the Interbank Reference Rate. Interest is paid quarterly and deliberately set below prevailing market rates, allowing FINAGRO to offer subsidised credit to the agricultural sector, with 50% dedicated for smallholder farmers. All financial institutions in Colombia (except the state-owned Banco Agrario) are required to invest a fixed percentage (currently 5%) of their deposits into TDAs. This creates a steady, low-cost funding stream for FINAGRO which fluctuates in proportion to national savings trends. It can be seen as an institutionalized method to crowd-in private capital to allocate to agricultural finance.

2.3.2.4.1 Challenges of blended finance

Both examples rely heavily on government policies. If these were to shift, the funding mechanism of certain product lines of the respective NDBs could be impacted. In addition, structuring blended finance structures often have a longer development time than plain vanilla lending products. This is especially true when a NDB is involved with a stronger procedural focus than private banks and with less experience and expertise in these relatively new ways of finance structures. Hiring capable staff, continuous training, sharing best practices among NDBs and gaining experience is key to overcome these challenges.

2.3.2.5 Technical assistance and capacity building

All four countries offer technical assistance and capacity building to their end beneficiaries. BDP offers a wide range of non-financial services, with 60 out of their 800 employees being agronomists, focused on giving technical agriculture advice to clients. All documented knowledge on agricultural practices can be found in BDP’s virtual centre of excellence. One concrete example includes “plan de uso de suelo”, which is a map of the country divided into regions and crop suitability advice according to soil type. If farmers don’t act in line with this advice, credits can be declined as the repayment capacity can be doubted.

Another – digital – example comes from FIRA, that has launched a digital advisory platform with satellite-based agronomic advice to farmers. Section 3.2 further elaborates on this platform.

2.3.2.5.1 Challenges of technical assistance and capacity building

Technical Assistance (TA) is important for both the farmer as well as the NDB itself – it increases farmers’ financial literacy and agronomic knowledge, therewith increasing repayment capacity. Yet, reaching (remote) agricultural areas comes with high operational costs. This makes it difficult to scale TA activities. As a solution, NDBs often collaborate with agents

to provide on-site TA, and increasingly examples can be noted of NDBs who offer TA through peer-to-peer training and digital channels. However, here it should be taken into account that farmers may lack the required digital literacy to use these tools effectively. Without adoption support, these solutions might face low uptake.

2.4 Key takeaways

Drawing on the preceding sections of this chapter, the following insights summarize the strengths, weaknesses, opportunities, and threats (SWOT) associated with the ability of NDBs to finance SHFs.

2.4.1 Strengths

Based on the findings from the country analyses and roundtables, NDBs demonstrate several key strengths in financing SHFs. Their development-oriented mandates allow them to prioritize underserved sectors without the pressure of profit maximization. Next to this, close collaboration with their respective governments enables them to offer concessional finance, which makes credit more accessible and affordable for SHFs. Moreover, NDBs often work closely with international donors, which allows them to align their efforts with broader development goals. International donors play a vital role in strengthening NDBs by providing both financial and non-financial support. Financially, they contribute through project-specific funding, credit guarantees, and grants. On the non-financial side, they offer technical assistance, financial literacy programs, and digital platforms—all of which help enhance the capacity and productivity of SHFs. First-tier banks, due to their direct engagement with end beneficiaries, are better positioned to understand local needs and ensure transparency in how funds are allocated. Their close proximity also allows them to offer more favourable interest rates, as there are fewer intermediaries involved. In contrast, second-tier banks extend their reach by partnering with local financial institutions, enabling them to scale their impact across broader regions without having to operate branch networks.

2.4.2 Weaknesses

Despite these strengths, NDBs face notable weaknesses. Direct lending operations require a significant rural presence, which increases operational costs and can lead to inefficiencies and delays. Political interference in lending decisions can compromise the quality of loan portfolios and the financial sustainability of these institutions. Many NDBs depend heavily on subsidies, which can create borrower dependency, deter private sector involvement and generally are a second-best option. They also lack robust risk management systems, which hinders their ability to conduct thorough credit assessments beyond relying on landownership as collateral. Furthermore, loan monitoring and evaluating the impact of their programs remains a persistent challenge, particularly in indirect lending models. Finally, capacity constraints at NDBs and among their intermediaries, limit their ability to scale effectively.

2.4.3 Opportunities

Looking ahead, there are promising opportunities for NDBs to enhance their role in smallholder finance. The growing penetration of smartphones, digitization of land records, availability of alternative data for credit assessments, and the development of digital public infrastructure, opens up new possibilities for digital financial services. There is also increasing global momentum around green and sustainable finance, which presents opportunities for NDBs to support climate-smart agriculture and attract new funding sources. Moving from subsidies to blended finance structures, often co-created with governments and/or international organisations, offer a way for NDBs to combine public and private capital, reducing risk and expanding outreach. Furthermore, collaborations with microfinance institutions and cooperatives, which have high capillarity in rural communities, can further strengthen their service delivery. At last, supportive policy and regulatory environments as well as integrated service models that combine finance with enhancing market access and input supply for farmers, positively impact the effectiveness of NDB interventions.

2.4.4 Threats

Nonetheless, several threats could impede the ability of NDBs to serve SHFs in their countries. Macroeconomic instability, such as inflation and currency volatility, can disrupt both the availability of funding and the performance of

loan portfolios. Also, overreliance on subsidies and loan waivers risks distorting markets and weakening credit discipline. Even when repayment behaviour is strong, climate change and extreme weather circumstances further threaten agricultural productivity and, consequently, farmers' ability to repay loans. Countries such as Bangladesh and the Philippines are particularly vulnerable to these climate-related risks. Also, while the potential for digital financial services is growing rapidly, technological limitations and low levels of digital literacy among farmers can hinder the adoption of innovative financial solutions, risking further exclusion from formal financial systems. Complex requirements for financial intermediaries to participate in programs, may hinder them from engaging with NDBs, like FINAGRO. Finally, the financial fragility of certain NDBs, such as BKB in Bangladesh and BanEcuador, raises concerns about their long-term sustainability and capacity to fulfil their development mandates.

3 Best practices

In the previous chapter some of the instruments of NDBs in the selected countries have been described. In this chapter we will highlight some additional best practices of NDBs that we have encountered during the inception phase of this program. This is not meant to be exclusive, but serves as valuable input for the solution design phase of the IFE-FST program.

3.1 ABC program by BNDES, Brazil

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

3.1.1 Context

Brazil faces the challenge of increasing agricultural productivity while reducing greenhouse gas emissions and preserving its ecosystems. With international pressure mounting for sustainable, deforestation-free supply chains, Brazil’s agricultural sector must transition to low-carbon practices. The “Agricultura de Baixo Carbono” (ABC) Program by BNDES (Brazil’s NDB) addresses this by offering investment credit for sustainable agricultural technologies and practices.^{17 18}

The program aligns with Brazil’s climate commitments and supports small and medium-sized producers in transitioning to sustainable agricultural production systems, with a focus on low-carbon practices and environmental conservation. The program is structured into several thematic lines of credit, each targeting specific sustainable practices. The thematic lines range from recovery of degraded pastures and land conversion for sustainable use, to integration of agroforestry systems and waste management systems for animal production. Complementary to the credit line, clients can receive technical assistance being offered by EMBRAPA or other selected consultants.¹⁹ The ultimate objective is to reach environmentally sustainable agriculture practices, and at the same time increasing farmer productivity and -income.

3.1.2 Product specifics

The below table summarises the key features of the ABC credit product by BNDES. As BNDES is a second-tier NDB, the product is offered to end beneficiaries through financial intermediaries, being 80 in total.²⁰

Feature	Details
Who can apply	Individual rural producers, cooperatives, and agribusinesses.
What can be financed	Sustainable agriculture practices according to the 12 thematic credit lines as identified by BNDES.

¹⁷ Source: BNDES. (2025). *Renovagro – Programa de Financiamento a Sistemas de Produção Agropecuária Sustentáveis* [Renovagro – Programa de Financiamento a Sistemas de Produção Agropecuária Sustentáveis](#)

¹⁸ Currently, the program is called RenovAgro. As this chapter analyses the history of the program, we consequently call it ABC.

¹⁹ “Empresa Brasileira de Pesquisa Agropecuária”, the state-owned Brazilian Agricultural Research Corporation with the mission to develop research, development, and innovation solutions for sustainable agriculture in Brazil.

²⁰ Source: BNDES. (2025). *BNDES Finame*. [BNDES Finame - BNDES](#)

Ticket sizes	Up to BRL 20 million (USD 3.62 million) per beneficiary per year. ²¹ For MSMEs, BNDEs may finance up to 100% of the project cost. For larger producers, financing may cover 60%-80% of the total investment.
Interest rates	<ul style="list-style-type: none"> • Fixed interest rate of up to 7% annually for recovery of degraded pastures and adaptation of rural properties in accordance with environmental legislation. • Fixed interest rate of up to 8.5% annually for other eligible investments.
Loan terms	Up to 12 years, with a grace period of up to 8 years depending on the type of investment.
How to apply	<ul style="list-style-type: none"> • The end beneficiary submits a proposal through a BNDES-accredited financial institution • Include technical project and environmental compliance documentation • Bank evaluates and submits to BNDES for approval and disbursement

3.1.3 Impact²²

The ABC Program was launched in 2010. Between 2010-2020, the program disbursed BRL 24.4 billion (USD 4.39 billion) over a total of 47,000 contracts, mostly to medium sized farmers.

The sub-program that was disbursed the most (41%) was the one for recovery of degraded pastures. Overall, the environmental impacts of the program were modest. Analysing the credit line for pasture recovery, it was found that obtaining credit under this program is associated with an average reduction of 3 percentage points (p.p.) in the pasture area of these polygons over a period of 4 years. Looking at clients who hired technical assistance as part of the contract, a reduction of 6 p.p. in the area of degraded pasture was noted 4 years after the credit was issued, and doubled (12 p.p.) after 6 years.

3.1.4 Key takeaways

The ABC Program teaches us various lessons to be taken into account for strengthening NDBs and farmers in other countries. To summarise, these takeaways include:

- The ABC Program was created as part of Brazil’s national strategy to reduce greenhouse gas emissions in agriculture. As the Program was aligned with national policies, it received strong political- and institutional backing.
- Through the ABC credit line farmers could access long-term, low-interest loans to adopt sustainable practices. As such, a barrier was reduced to access costly but beneficial farming practices that increase income.
- Technical Assistance complementary to a credit line is crucial for the effectiveness of the credit. Without it, technologies are not properly implemented and impact will be lacking.
- The ABC platform, coordinated by EMBRAPA, enabled monitoring of emissions reductions and technology adoption.²³ This brought together ministries, research institutions, and financial agents, to foster a collaborative governance model and measurement of impacts.

²¹ 1 BRL = 0.18 USD

²² Source: Climate Policy Initiative. (2024). *The Impact of Brazil’s ABC Program Credit on Pasture Recovery : Evidence from the Cerrado*. [Report-The-Impact-of-Brazils-ABC-Program-Credit-on-Pasture-Recovery.pdf](#)

²³ Source: Embrapa. (n.d.). *Plataforma ABC*. [Plataforma ABC - Portal Embrapa](#)

3.2 *Plataforma de Asesoría Técnica by FIRA, Mexico*²⁴

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

3.2.1 Context²⁵

Mexico’s agricultural sector faces challenges related to climate variability, low productivity, and limited access to technical assistance – especially for smallholder farmers. Traditional support services are often costly, fragmented, and hard to access for rural communities.

While FIRA has a large physical network of extension services, they wanted to address this challenge in a more scalable way. That is why they launched “Plataforma de Asesoría Técnica”, a digital tool that leverages Agriculture 4.0 technologies to provide real-time, personalised agronomic advice.²⁶ The platform is part of FIRA’s broader strategy to modernise rural finance and promote sustainable, climate-resilient agriculture.

3.2.2 Product specifics²⁷

The platform is built on NAX Solutions technology, and includes the key features as displayed below.

Feature	Details
Who can use it	Smallholder farmers (typically <50 ha), producer organisations, and technical advisors with or without prior FIRA credit history.
What is offered	Digital agricultural services, including satellite imagery, crop health monitoring, pest alerts. The services are integrated with FIRA’s broader financing ecosystem.
Technology used	Artificial Intelligence (AI), satellite imagery, Internet of Things (IoT) sensors.
Costs	FIRA subsidises up to 2 years of platform use for eligible users. After this, a tiered pricing model is applied according to farm size.
How to access	Farmers submit georeferenced data via FIRA agents. After this, FIRA validates and connects them with service providers. Training and onboarding are included in the services.

3.2.3 Impact

The platform was piloted in 2023, and scaled nationally in 2024. Since then, it has reached 4,000 farmers covering 100,000 ha. Consequently, these farmers reported improved water use efficiency and pest control; reduced fertilizer and agrochemical use; enhanced communication between farmers and advisors; and better planning and yield estimation.

As the platform has a geographic reach to 25 out of 32 states in the country, there is a large potential to further scale. However, limited digital literacy rates of farmers cause delays in adoption. FIRA’s wide network of physical technical

²⁴ Source: FIRA. (2025)

²⁵ Source: ALIDE. (n.d.). *Programa de FIRA de México*. [Programa de FIRA de México - ALIDE](#)

²⁶ Agriculture 4.0 is the use of advanced digital technologies – like Artificial Intelligence, Internet of Things, drones, and big data – to make farming more efficient, sustainable, and data driven.

²⁷ Source: www.fira.gob.mx

assistance providers (both of FIRA internally as well as through partnered extension services) aim to support adoption of the technologies and practical use of advisory services.

3.2.4 Key takeaways

During our research, we have noticed that various NDBs are implementing digital platforms to support their end beneficiaries. The following lessons learned from this FIRA initiative can be applied in other countries as well:

- Accompanying technical assistance is key to ensure adoption of the digital platform.
- The integration of geospatial data and digital monitoring enhances credit risk management and productivity tracking.
- There is a wide variety of agricultural technology providers, each with innovative solutions. Understanding the specific needs of farmers is essential to selecting technologies that truly add value.
- Projects involving economic aggregators (e.g. producer cooperatives) show higher adoption rates due to clear goals and strong leadership.

3.3 e-KCC by NABARD, India

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

3.3.1 Context

KCC

The Government of India (GoI) introduced the Kisan Credit Card (KCC) scheme in 1998 to meet the production credit requirements of farmers in a timely manner. It allows them to purchase agricultural inputs and withdraw cash for production expenses. KCCs are issued by Private Sector Scheduled Commercial Banks, Public Sector Banks, Small Finance Banks, Primary Agricultural Credit Society (PACS) ceded with Scheduled Commercial Bank (SCBs), RRBs, and Rural Cooperative Banks (RCBs). Over the years, KCC has become the most common and accessible loan product for farmers in India.

e-KCC

Recently, NABARD - through 24x7 Moneyworks Consulting Pvt. Ltd, a next-generation agri-fintech venture - has developed an online portal for Kisan Credit Card (KCC), which can be accessed by farmers to submit their loan applications to RCBs and RRRs. The portal will have links to land record systems of state governments, satellite imagery, CIBIL, and Unique Identification Authority of India for Know-Your-Customer (KYC) authentication to facilitate underwriting of loans by banks. NABARD is working on integrating its e-KCC loan origination system portal with the Public Tech Platform for Frictionless Credit (PTPFC) of Reserve Bank Innovation Hub (RBIH), a wholly-owned subsidiary of the RBI.

The digitisation of agricultural lending will ensure instant doorstep delivery of credit to farmers while improving the efficiency of banks, advancing NABARD's mission of fostering rural prosperity. NABARD mentioned that through the integration with PTPFC, about 351 district and state cooperative banks (StCBs) and 43 RRBs will gain access to a range of services for more effective credit underwriting. The collaboration will streamline the lending process and reduce the turnaround time for loans from 3-4 weeks to just five minutes for India's 120 million farmers.

Even though this intervention is still in the early implementation phase, it will change the role of banks in the financial ecosystem. The platform will help cooperative banks to increase its efficiency in operations, as they already have the client outreach in the rural areas. Commercial banks are not so keen on these small agricultural loans, as profitability is relatively low for them. However, looking into future developments, when the platform would also be used for other loan products, it is expected that commercial banks will also participate. Cooperative banks will be facing more competition from commercial banks, once they also make significant use of the platform.

3.3.2 Product specifics²⁸

The below table summarises the key features of the KCC credit product by NABARD.

Feature	Details
Who can apply	Individual rural producers
What can be financed	Expenses related to crop cultivation, such as purchasing seeds, fertilizers, pesticides, as well as for meeting other cash requirements related to crop production and allied activities.
Ticket sizes	<ul style="list-style-type: none"> Loans up to INR 2 lakh (USD 2,338) are extended on a collateral-free basis, ensuring hassle-free access to credit for small and marginal farmers. Above INR 2 lakh (USD 2,338), collateral is required. The upper loan limit for KCC is INR 5 Lakh, which is an increase from the loan limit under the Modified Interest Subvention Scheme from INR 3 lakh (USD 3,507) to INR 5 lakh (USD 5,846).²⁹
Interest rates	<ul style="list-style-type: none"> The GoI, under Modified Interest Subvention Scheme (MISS), provides interest subsidy of 1.5% to banks for providing short-term agricultural loans through KCC up to INR 3 lakh (USD 3,507.8) at a concessional interest rate of 7%.³⁰ An additional Prompt Repayment Incentive of 3% is provided to farmers on timely repayment of loans, which effectively reduces the rate of interest to 4% for farmers.
Loan terms	Revolving Credit Facility with a maximum validity of 5 years, with a potential 10% annual increase of limit every year, subject to annual review. Repayment is based on the crop period and the marketing period for the specific crop.
How to apply	<ul style="list-style-type: none"> The beneficiary selects the FI to submit the application (public sector, private sector, or cooperative banks). The beneficiary can: <ul style="list-style-type: none"> visit a bank branch or in the case of cooperative banks, visit the PACS to apply for the loan and submit the required documents (e.g. Aadhaar card, land document, address proof); or apply through the FI's website. NABARD is currently rolling out e-KCC nation-wide after having piloted eKCC across various banks over the past 2 years.

3.3.3 Impact³¹

As of 2024, there are 77.2 million operative KCCs, resulting in a total amount of INR 9,80,404 crore (USD 114.6 billion) of operative KCCs. This marks more than a twofold increase compared to 2014. The KCC scheme has significantly enhanced

²⁸ Source: BNDES. (n.d.). *BNDES Finame*. [BNDES Finame - BNDES](#)

²⁹ Source: Ministry of Finance. (2025). *Operative Kisan Credit Card (KCC) amount crosses ₹10 Lakh Crore benefiting 7.72 Crore Farmers*. [Press Release:Press Information Bureau](#)

³⁰ Lakh is equal to one hundred thousand (10⁵) in the Indian numbering system. [Lakh - Wikipedia](#)

³¹ Source: Climate Policy Initiative. (2024). *The Impact of Brazil's ABC Program Credit on Pasture Recovery: Evidence from the Cerrado*. [Report-The-Impact-of-Brazils-ABC-Program-Credit-on-Pasture-Recovery.pdf](#)

farmers' access to institutional credit, thereby reducing their dependence on informal lending sources—one of the scheme's primary objectives.

However, the implementation of KCCs faces several challenges. Tenant farmers often struggle to obtain KCCs due to the requirement of land ownership, even when the land is not used as collateral up to INR 2 Lakh (USD 2,338). As a result, many remain excluded from formal credit systems. Additionally, farmers frequently receive less than the loan amount they apply for, largely due to limited funds available with Regional Rural Banks (RRBs) and Cooperative Banks. This shortfall forces many to continue relying on informal credit sources alongside KCCs. Moreover, delays in the disbursement of credit further hinder the scheme's effectiveness.

3.3.4 Key takeaways

The (e-)KCC scheme offers valuable insights that can inform the development of NDBs and support for farmers in other countries. Key lessons include:

- *Collaborative implementation with clear roles:*
Multiple stakeholders are involved in the roll-out and implementation of KCC and e-KCC. Each stakeholder has a clear mandate and visions are aligned.
- *Continuous product and process innovation:*
To ensure relevance and encourage adoption, financial products and processes must be regularly reviewed and updated:
 - A District Level Technical Committee annually sets the financial parameters of KCC for specific crops based on Scale of Finance – the estimated cost of cultivation per unit of land for specific crops.
 - The introduction of e-KCC aims to streamline and enhance the efficiency of the loan application and disbursement process.

3.4 NASIRA by FMO, the Netherlands³²

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

3.4.1 Context

Even though the Dutch development bank FMO is out of scope of this program, the innovative nature of this risk-sharing facility is worth sharing with other NDBs in this context. Therefore we decided to include this as a best practice.

The NASIRA program is an innovative risk-sharing facility developed by FMO, the Dutch development bank. It is designed to support MSME entrepreneurs (i.e. youth-, female- and migrant-owned enterprises) in Sub-Saharan Africa and countries neighbouring Europe. NASIRA addresses the challenge of financial exclusion by enabling local financial institutions to lend underserved MSME segments that are typically perceived high-risk.

The program is supported by the European Union and the Dutch Government. It aims to shift the risk perception of financial institutions by offering guarantees that cover exceptional losses – those beyond the normal expected default rates – rather than first-loss coverage. This encourages banks to expand their lending portfolios to include vulnerable groups without exceeding their risk appetite.

³² Source: FMO. (2025). *Nasira- A new chance guaranteed*. [Nasira - FMO](#)

3.4.2 Product specifics

Feature	Details
Who can apply	Local financial institutions (banks, MFIs, fintechs) in eligible regions.
What can be financed	Loans to underserved MSME entrepreneurs: i.e. youth, women, migrants, COVID-19-affected.
Guarantee structure	Covers exceptional losses above the normal NPL threshold of an FI.
Guarantee coverage	Tailored per institution; typically 30-80% of exceptional losses. NASIRA guarantees up to 95% of the local bank's portfolio.
Loan size to end clients	Varies per institution; typically ranges from USD 500 to USD 50,000 depending on borrower segment and local context
How to apply	Financial institutions apply through FMO; must meet eligibility and impact criteria.

Examples of approved guarantee structures include USD 1.1 million to Ameriabank (Armenia), USD 10 million to I&M Rwanda (with potential to scale to USD 20 million), and GEL 0.8 million to Terabank (Georgia).

3.4.3 Impact

To date, the NASIRA structure has led to over USD 200 million in guarantees issued to financial institutions across Sub-Saharan Africa and the MENA region. Over 50,000 loans have been issued to underserved entrepreneurs under NASIRA-backed portfolio, of which 40% to female entrepreneurs.

3.4.4 Key takeaways

While the focus jurisdictions of NASIRA are beyond the focus of this program (LAC and APR), it still brings valuable takeaways to be considered:

- NASIRA's model of covering exceptional losses (beyond first-loss) encourages more responsible lending and adequate risk management by FIs.
- The flexible structure of the mechanism allows adaptation across geographies and financial institution types.
- As an additional component, the program supports financial institutions to build internal capacity to serve new client segments.
- The portfolio is monitored on a monthly basis by FMO, using a structured finance reporting and monitoring tool provided by Hypoport and hosted in the cloud for FMO.

3.5 Green-, blue-, gender-bonds issuance by FIRA, Mexico

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

3.5.1 Context

FIRA has leveraged innovative capital market instruments to raise funding beyond its government budget allocations. By issuing green, blue, and gender-focused bonds under its capital market programs, FIRA broadens its investor base and mobilises private funds for agriculture for longer-term (up to 15 years), something not seen in most other NDBs.

In 2024 FIRA – through its trust fund FEFA – issued Mexico's first-ever Blue Bond to finance sustainable fisheries and aquaculture projects. This followed after other thematic bonds such as a social gender bond placed during the COVID-19 pandemic to expand credit for women in rural industries.

3.5.2 Product specifics

The below table outlines specific features of the bonds. The bonds are verified pre- and post-issuance by Sustainalytics under ICMA Bond Principles and Climate Bonds Standard.

Feature	Details
Who can invest	(Inter)national investors
Eligible projects	Green bonds: sustainable agriculture, efficient water use, renewable energy, energy efficiency. Blue bonds: sustainable fisheries and aquaculture, marine biodiversity protection. Gender bonds: women-led rural enterprises, inclusive agri-value chains for women and youth.
Ticket sizes	Typically USD 5,000 to USD 150,000 per end beneficiary, depending on project type.
Bond size	Green bonds: USD 262 million Blue bonds: USD 240 million Gender bonds: USD 160 million
Loan terms	Up to 15 years, with grace periods depending on investment type.

3.5.3 Impact

The USD 160 million gender bond was oversubscribed 4 times, and the USD 240 million blue bond was oversubscribed 2.3 times, indicating strong investor confidence in FIRA.

3.5.4 Key takeaways

- FIRA’s bond program shows how NDBs can mobilise capital markets to de-risk sustainable and inclusive agricultural production.
- Funds generated by these bonds are well matched funding for longer-term asset finance to the agricultural sector, thereby providing a boost to mechanization and increased productivity.
- Thematic bonds aligned with ESG standards attract strong investor interest and promote transparency and accountability.

3.6 CPR line by BNDES, Brazil^{33 34}

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

³³ Source: BNDES. (2025). *BNDES Crédito Rural*. [BNDES Crédito Rural](#)

³⁴ Source: BNDES. (2024). *Relatório Anual Integrado 2024*. [8173c015-0f5f-81c0-c203-607f55ff5586](#)

3.6.1 Context

In the 1990s, Brazil faced a collapse in its rural credit system due to economic instability and the withdrawal of subsidised credit. This led to the emergence of private sector solutions, notably the “Cédula de Produto Rural” (CPR) – a promissory note backed by future agricultural production. In line with this, BNDES introduced the CPR credit line in 2024, a financial instrument based on the rural product note which allows producers to access working capital by pledging future agricultural production as collateral.

The CPR credit line is designed to enhance liquidity for small and medium-sized rural producers, and can be used to carry out operations with CPR certificates or Agribusiness Credit Rights Certificates (CDCA) backed by agribusiness credit rights. The securities can be issued by producers active in commercialisation, processing or industrialisation of agricultural, livestock, forestry, aquaculture and extractive products.

3.6.2 Product specifics

Feature	Details
Who can apply	Micro-, small, and medium-sized rural producers/cooperatives with annual revenues of up to BRL 300 million (USD 54.5 million).
What can be financed	Working capital for agricultural production, including purchase of inputs, equipment rental, and labour costs.
Ticket sizes	Up to BRL 3 million (USD 545,000) per operation. Multiple operations can be contracted per year, with a loan limit per customer of BRL 20 million (USD 3.6 million) every 12 months.
Interest rates	Depending on size and sustainability practices of producers. The final rate is composed of the BNDES basic remuneration of 1.3% per year; financial agent’s remuneration of up to 4.3% per year; and financial cost reference.
Loan terms	The total payment period is up to 60 months, including a grace period of up to 24 months.
How to apply	<ul style="list-style-type: none"> Producers issue a CPR through a BNDES-accredited financial institution. This must include a production plan and proof of land use. Financial intermediary evaluates and submits to BNDES for funding.

3.6.3 Impact

Considering the overall impact of the CPR, this credit line has become crucial in Brazil’s agricultural finance system. As of May 2024, over BRL 350 billion (USD 63 billion) in CPR has been issued, representing nearly 10% of Brazil’s overall GDP in agriculture. This growth has been driven by the increasing adoption of digital CPRs, which improved transparency, reduced transaction costs, and enabled integration with capital markets.

The CPR instrument has facilitated greater access to pre-harvest financing, especially in key value chains such as soybeans, maize, sugar, and cattle. It has also contributed to the formalisation of rural credit markets and improved traceability in agricultural supply chains.

Looking at BNDES’ credit line specifically, it has not been reported yet how much has been disbursed through this since the launch in 2024. BNDES has indicated that they expected to disburse BRL 10 billion (USD 1.8 billion) in the first year.

3.6.4 Key takeaways

While this credit line by BNDES is relatively new, some first key takeaways can be noted:

- Using future production as collateral can unlock credit for producers with limited assets.

- CPR BNDES represents a shift from traditional subsidised credit to market-based instruments, increasing efficiency and scalability.
- With a target of BRL 10 billion in 2024, the program has significant potential to scale. Also the model’s adaptability to different crops, regions, and producer profiles contributes to scalability.

3.7 Farmer Producer Organisation- guarantee by NABARD, India

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

3.7.1 Context

In February 2020, the Indian government (GoI) launched the “Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs)” scheme to enhance productivity and farmers’ income through collective production and marketing.³⁵ With a budget of USD 803 million until 2027–28, the scheme aims to reduce production costs and promote sustainable farming. So far, USD 30 million in equity grants has been disbursed to 4,761 FPOs. Recently, the 10,000th FPO was launched, connecting around 30,000 farmers, 40% of whom are women.

As part of this initiative, NABARD aims to strengthen FPOs through credit guarantee schemes of its subsidiary NABSanrakshan. A Credit Guarantee Fund for FPOs with a pool of funds of USD 116.2 million with equal contribution from GoI and NABARD. The aim of the fund is to facilitate collateral-free institutional credit to FPOs by providing credit guarantees to lending institutions. This reduces the risk for banks and encourages them to lend to FPOs.

3.7.2 Product specifics

Feature	Details
Who can apply	Lending institutions
What can be financed	Credit guarantee for Working Capital and Term Loans
Ticket sizes	The guarantee is available for FIs that provide FPOs with Working Capital and Term Loan ticket sizes ranging from USD 10,000 to USD 200,000. Credit guarantee coverage: <ul style="list-style-type: none"> • Up to USD 100,000: 85% of sanctioned amount • Up to USD 200,000: 75% of sanctioned amount
Fees	For a loan ticket size: <ul style="list-style-type: none"> • up to USD 100,000: 0.75%; and • up to USD 200,000: 0.85% with a ceiling of USD 1,970.
Loan terms	Guarantee is available for working capital with a tenure of 12 months and term loans, with a tenure of maximum 60 months.

³⁵ Source: Ministry of Agriculture & Farmers Welfare. (2025). *10,000 FPOs Achieved under Government’s Flagship Scheme A Step Towards Atmnirbhar Krishi*. [Press Release: Press Information Bureau](#)

How to apply	<ul style="list-style-type: none"> • The FPO has to meet certain eligibility parameters before the lending institution can get Credit Guarantee approval from the trust: <ul style="list-style-type: none"> ○ FPOs must be incorporated under companies act or cooperative societies act ○ Have a minimum FPO membership of 300 members (except for hilly areas and states in the North-east) ○ FPO must be eligible as per criteria provided by NABARD via an eligibility tool. This tool looks at financial performance, governance & management, business operations, and processes and systems. ○ Meet capital requirements (approx. USD 4500) ○ Have ongoing business operations for at least 2 years ○ Be profitable for at least 2 years ○ Submit application form at a selected FI (can be private sector or cooperative bank)
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3.7.3 Impact

So far credit guarantees with a total worth of USD 53 million have been issued to 1,900 FPOs. This has enabled these FPOs to access institutional credit without collateral, which was a major barrier earlier. FPOs now facilitate market linkages on behalf of their members, enhancing both their bargaining power and access to broader markets. In addition, they provide smallholder farmers (SHFs) with essential agricultural inputs and a range of agri-related services. Around 3 million Indian farmers are currently part of FPOs, with women making up 40% of the membership.

3.7.4 Key takeaways

- Financial institutions often require risk-mitigation mechanisms, such as guarantee structures, to confidently extend collateral-free credit to newly established entities like FPOs.
- The FPO Credit Guarantee Fund stands out as a successful example of collaboration between the government and an NDB.
- Having supported 1,900 FPOs since its inception, the credit guarantee fund demonstrates significant potential for scalability and wider impact.

3.8 Group-lending product by Agribank, Vietnam

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

3.8.1 Context

To address the imbalance between the demand and supply of small-scale capital—and as part of a broader national strategy to reduce poverty, promote rural development, and expand credit access for small-scale farmers and rural households—Agribank introduced a group-lending product. This community-based lending model relies on local authorities and socio-political organizations, such as Women’s Unions and Farmers’ Associations, to organize and manage borrowing groups (a.k.a. joint liability groups). These associations are familiar with the individual borrowers, fostering a sense of accountability. Borrowers are motivated to maintain good repayment behaviour to avoid reputational consequences within their community. This peer-driven accountability has proven highly effective, with the program achieving a remarkably low default rate of just 0.6%.

3.8.2 Product specifics

Feature	Details
Who can apply	Households and individuals
What can be financed	Capital for production, business and for living expenses
Ticket sizes	No information available
Interest rates	The interest rates depend on the loan term and borrower’s profile: <ul style="list-style-type: none"> For short-term and medium loans no information is available on interest rates For long-terms: a minimum rate of 7.0% per year is applied³⁶
Loan terms	<ul style="list-style-type: none"> Borrowers can apply for a short and medium term loan or a long-term loan. Definitions of short, medium, and long-term are not specified online. The product offers flexible repayment terms, allowing borrowers to align payments with their income cycles. While most loans under this program are unsecured, they are backed by a group guarantee, ensuring accountability and reducing credit risk.³⁷
How to apply	<ul style="list-style-type: none"> Borrowers must be part of a borrowing group, such as a Women’s Union or Farmers’ Association. A team leader must be authorized to borrow capital and to collect interest from the member and submit it to Agribank where the loan is assessed when all conditions are met as prescribed. Loans are processed and disbursed through Agribank’s rural branch network

3.8.3 Impact

As of June 30, 2023, Agribank had lent to 63,615 loan groups with over 1.21 million customers, with outstanding loans reaching approximately USD 8.33 billion.³⁸ In addition to the loan itself, members of these groups receive additional benefits, such as support with loan documentation, trainings related to production techniques, and support with market linkage. A noteworthy evaluation study examined the effectiveness of Agribank’s group-lending product at one of its branches. Among the lending groups, 20% were affiliated with Women’s Unions, while 77% were part of Farmers’ Unions. Interestingly, despite representing a smaller share of the groups, Women’s Unions accounted for 36% of the outstanding loan volume in 2018, compared to 63% for Farmers’ Unions in the same year.³⁹

³⁶ Source: VietNamNet. (2024). *Agribank giảm lãi suất cho vay ngay từ đầu năm*. [Agribank giảm lãi suất cho vay ngay từ đầu năm](#)

³⁷ Source: Do, G. Q., Dao, T., Hoang, A., Huyen, V. N., Thao, L. P., Huu, D., Do., Van, T. M. (2022). *Evaluating the Group Lending Development at the Vietnam Bank for Agriculture and Rural Development: A Case Study in Bac Giang Branch*, 3(3), 679-688. [\(PDF\) Evaluating the Group Lending Development at the Vietnam Bank for Agriculture and Rural Development: A Case Study in Bac Giang Branch II The Vietnam Bank for Agriculture and Rural Development-Bac Giang Branch II](#)

³⁸ Source: Vietnam Investment Review. (2023). *Green credit gaining traction at Agribank*. [Green credit gaining traction at Agribank](#)

³⁹ Source: Do, G. Q., Dao, T., Hoang, A., Huyen, V. N., Thao, L. P., Huu, D., Do., Van, T. M. (2022). *Evaluating the Group Lending Development at the Vietnam Bank for Agriculture and Rural Development: A Case Study in Bac Giang Branch*, 3(3), 679-688. [\(PDF\) Evaluating the Group Lending Development at the Vietnam Bank for Agriculture and Rural Development: A Case Study in Bac Giang Branch II The Vietnam Bank for Agriculture and Rural Development-Bac Giang Branch II](#)

3.8.4 Key takeaways

- This product effectively reaches its intended beneficiaries—small-scale farmers and rural households—and plays an active role in advancing Vietnam’s national objectives of poverty reduction, rural development, and financial inclusion.
- With a default rate of just 0.6%, the program shows exceptional repayment performance, which can in part be attributed to peer accountability. However, the strength of peer accountability can vary significantly across different cultural and national contexts, meaning that similar group-lending models may yield very different outcomes in other markets.

3.9 Livestock insurance scheme by PKSF, Bangladesh

Category	Digital	Climate	Gender	Financial	Non-financial
Included?					

3.9.1 Context

To protect the livelihoods of marginal farmers engaged in animal husbandry, PKSF, in collaboration with ADB, has introduced a Livestock Insurance Scheme under the DIISPSo (Development of Insurance Industry Support Project).⁴⁰ This initiative aims to reduce vulnerability to risks such as disease and natural disasters, which often result in severe financial losses for small-scale livestock farmers. 40 MFIs, along with their 2947 branches, were selected to engage in the pilot that ADB and PKSF set up in 2010, which consisted of four components: market assessment and product development, strengthening policy, legal and regulatory framework, awareness creation and capacity development, and executing the microinsurance pilot scheme. Currently the project has moved beyond the pilot phase and has become business as usual for PKSF.

Livestock farmers are required to pay a premium for insurance, which is only available when they apply for a loan through one of the 40 designated MFIs. In addition to insurance coverage, farmers benefit from access to vaccination programs, feed advisory services, and veterinary care. Each insured animal is issued a health card, which serves as a record of vaccinations, check-ups and insurance coverage details. These services are delivered in partnership with government agencies and research institutions affiliated with PKSF.

3.9.2 Product specifics

Feature	Details
Who can apply	Individual livestock farmers
What is insured	Livestock (primarily cattle)
Insurance type	Health card-based livestock insurance
Insurance premium	0.7% of the loan amount per cattle for a 6 months insurance
Terms	<ul style="list-style-type: none"> • The premium for cattle insurance has to be paid by the borrower during the time of policy issuance and at the beginning of the loan cycle.

⁴⁰ Source: Roundtable (annex B) and PKSF. (n.d.). *Developing Inclusive Insurance Sector Project (DIISP)*. DIISP - Palli Karma-Sahayak Foundation (PKSF)

	<ul style="list-style-type: none"> • In case of death of cattle-head during the insured period due to conventional mortality or Natural Catastrophe/Epidemic 100% loan amount of the borrower with the MFI is waived. • Additionally, borrowers could opt for a life insurance against an additional payment of 0.3% of loan as premium.
How to apply	<ul style="list-style-type: none"> • The borrower must be enrolled in the beef fattening program • The borrower must meet the lending requirements of the MFI

3.9.3 Impact

During the pilot phase of the broader DIIISP, which lasted from 2010 to 2014, more than 5.5 million microinsurance policies were issued and over 23,000 claims were made for multiple insurance categories. For the livestock insurance specifically, 4,19,757 cattle were insured during the pilot, with USD 0.5 million premiums collected by PKSF through its partner organisations. The mortality rate reduced to 0.5% during this project, which is very low compared to overall mortality rates for livestock in Bangladesh to be between 5-10%, according to ADB.⁴¹

Due to the absence of data on policies issued and claims made following the pilot phase, it is not possible to assess the scheme’s impact beyond 2014.

3.9.4 Key takeaways

- Livestock insurance is essential for risk minimization and poverty reduction in Bangladesh’s livestock sector. The insurance scheme along with the additional services provided has drastically reduced mortality of livestock and increased the ability of farmers to repay their cattle loans.
- PKSF’s initiative with ADB is a pioneering model for integrating insurance with microfinance.
- While the scheme has been successfully implemented, its adoption required substantial support and guidance from ADB and PKSF. This raises questions about the scalability of the model across all PKSF partner organizations and the broader livestock sector in Bangladesh.

⁴¹ Source: ADB. (2025). *Basic Statistics 2025*. [Basic Statistics 2025 | Asian Development Bank](#)

4 Country selection for next phase

This report marks the end of the inception phase of our program. As mentioned in the introduction, the next step will be the solution design phase. Here, we will design a toolkit focusing on risk-sharing mechanisms to reduce perceived risks in smallholder lending; blended finance solutions to integrate public and private capital for greater financial flows; and digital financial services to reduce transaction costs and enhance service delivery. The toolkit will be adapted to different local contexts, ensuring that the solutions are customised to fit the unique socio-economic conditions for each country. As such, it was agreed at the start of the program that three countries in LAC and three in APR would be selected for the solution design phase. To make a selection of countries for the next phase, we propose the criteria matrix below, according to the following factors:

- Presence of active NDBs with agri mandate, as countries with strong NDBs focused on agriculture are better positioned to implement and scale solutions. Here, 1 = no (financially stable) NDB; 2 = NDB exists but limited agri focus; 3 = strong agri-focused NDB with active programs.
- Existing blended finance mechanisms, indicating the readiness to integrate public-private capital. 1 = no; 2 = pilot; 3 = institutionalised.
- Existing risk guarantee mechanisms, indicating the readiness to implement such a solution if proposed by the program. 1 = no; 2 = pilot; 3 = institutionalised.
- Share of smallholders in agriculture, as the program aims to strengthen access to financial services for smallholder farmers. A higher share of smallholders is a greater potential impact. Here, 1 = <30%; 2 = 30-60%; 3 = >60% for LAC. As the context in APR is different, here we apply 1 = <70%, 2 = 70-90%, 3 = >90%.
- Gender and youth inclusion gaps, as these vulnerable groups receive special attention in IFAD's strategy. This factor measures the gender gap in account ownership, following 1 = <10%; 2 = 10-20%; 3 = >20%.
- Potential to improve formal access to credit, as this is what the program ultimately works towards. Here, we measure % of rural adults currently not borrowing from formal institutions, with 1 = <35%; 2 = 35-65%; 3 = >65%.
- Willingness of NDBs to collaborate, since the program will be executed in close collaboration with NDBs in selected countries. This scoring is qualitative and based on conducted interviews and experiences at roundtables, with 1 = low; 2 = medium; 3 = high.
- Focus country for IFAD, as it is proposed to seek connections with other ongoing programs. Here we follow the score of 1 = no; 3 = yes.
- Digital infrastructure, which is required to implement innovative solutions. As an indicator, we use the share of population with age 15+ that has access to the internet. The score is applied according to 1 = <50%; 2 = 50-75%; 3 = >75%.
- The existing use of digital tools indicates how easily an NDB would potentially uptake new digital solutions. Based on our research we apply the scores, following 1 = no digital tools; 2 = ongoing pilots of digital tools; 3 = scaled digital tools.
- Political stability is key to effectively design and implement solutions. While we acknowledge that this is never truly a given for emerging markets, a certain degree of political stability is preferred to mitigate risks during execution and implementation phase. Based on Worldwide Governance Indicators by the World Bank, 1 = <-1; 2 = -1-0; 3 = >0.

The below tables provide the scores for all countries included in the inception phase. Annex XX shows the absolute figures for all indicators.

Category	Indicator	India	Philippines	Vietnam	Bangladesh	Pakistan
Financial Ecosystem Readiness	Presence of active NDBs with agri mandate	3	3	3	1	2
	Existing blended finance mechanisms	3	3	3	1	1
	Existing risk guarantee mechanisms	3	3	3	1	1
Impact potential	Share of smallholder farmers in agriculture	2	2	2	2	1
	Gender inclusion gap	1	2	1	3	3
	Potential to improve formal access to credit	1	2	2	2	3
Institutional engagement	Willingness of NDBs to collaborate	2	3	2	1	3
	Focus country for IFAD	3	3	3	3	3
Innovation potential	Access to internet	2	2	2	2	1
	Existing use of digital tools	3	3	2	1	1
Risk and stability	Political stability	2	2	2	2	2
Overall score		25	28	25	19	21

Table 6.: Criteria matrix for APR (Rabo Partnerships, 2025)

Inclusive Financial Ecosystem for Food Systems Transition

Category	Indicator	Mexico	Colombia	Bolivia	Ecuador
Financial Ecosystem Readiness	Presence of active NDBs with agri mandate	3	3	3	2
	Existing blended finance mechanisms	3	3	3	2
	Existing risk guarantee mechanisms	3	3	1	1
Impact potential	Share of smallholder farmers in agriculture	1	3	3	3
	Gender inclusion gap	2	1	1	2
	Potential to improve formal access to credit	2	2	2	2
Institutional engagement	Willingness of NDBs to collaborate	3	3	3	2
	Focus country for IFAD	3	3	3	3
Innovation potential	Access to internet	3	2	2	3
	Existing use of digital tools	3	3	2	1
Risk and stability	Political stability	2	1	2	2
Overall score		28	27	25	23

Table 7: Criteria matrix for LAC (Rabo Partnerships, 2025)

5 Concluding remarks

The inception phase of the IFE-FST initiative has showcased current practices, successes, and challenges of the current landscape of agricultural finance in LAC and APR. It started by confirming the critical role that NDBs can play in bridging the financing gap for smallholder farmers. Unlike commercial banks, which tend to focus on medium- and large producers due to risk perceptions, NDBs are guided by public mandates that allow them to prioritise underserved segments. Their ability to offer long-term, concessional finance, deploy risk mitigation instruments, and coordinate with public and private actors positions them as central actors in the transformation of food systems.

At the same time, NDBs are not without challenges. Many face high operational costs, political interference, and limited risk management capacity. Their reach is often constrained by institutional inefficiencies or a lack of digital infrastructure. To overcome these challenges, best practices from around the world demonstrate how both financial and non-financial services can enhance rural finance.

The next phase of this project will focus on co-developing a practical and adaptable toolkit for NDBs and their partners, based on the best practices. The toolkit is envisioned to be centred around three core pillars:

1. Risk-sharing mechanisms, to reduce the perceived and actual risks of lending to smallholder farmers through instruments such as credit guarantees, insurance schemes, and portfolio de-risking.
2. Blended finance solutions, to mobilise public and private capital by combining concessional finance with commercial funding, enabling scale and sustainability.
3. Digital financial services, to lower transaction costs, improve service delivery, and enhance data-driven decision-making through digital platforms, e-KYC, mobile banking, and agri-fintech solutions.

These topics will be elaborated on in further detail, and afterwards tailored to the local context of selected focus countries. Drawing on the insights of the inception phase, we propose six countries to move forward into the next phase of the program. In LAC, Bolivia, Colombia, and Mexico are proposed based on their institutional readiness, the presence of active and engaged NDBs, and the potential for innovation and impact. In APR, India, the Philippines, and Vietnam stand out for their strong NDB ecosystems, existing blended finance mechanisms, and openness to digital transformation. As such, these countries are perceived to offer fertile ground for piloting and finetuning solutions.

As a next step, findings and conclusions of this report will be verified and discussed with the IFAD team. Upon alignment on the scope and priorities of the way forward, the program will enter the solution design phase which takes four months. Here, the insights and established connections from the inception phase will serve as a solid foundation. The findings show the importance of a systems approach – one that recognises the interconnectedness of financial institutions, public policy, technology, and farmer capabilities. By building on this foundation, the IFE-FST initiative is well-positioned to create solutions that contribute to more inclusive, sustainable food systems.

6 Annex A: Country analyses

6.1 India

6.1.1 Country demographics

India, officially the Republic of India, is a South Asian country and the seventh-largest in the world, covering 3,287,263 km². It borders Pakistan, China, Nepal, Bhutan, Bangladesh, and Myanmar, and has a long coastline along the Indian Ocean. The country comprises 28 states and 8 union territories, with New Delhi as its capital. With a population of around 1.45 billion, India is the most populous country globally, housing over 18% of the world's population on just 2.41% of its land area. Between 1975 and 2010, the population doubled. About 64% of Indians live in rural areas, though this share is gradually declining. India has a relatively young population: 25.68% are aged 0–14, 67.49% are 15–64, and only 6.83% are 65 and older.^{42 43 44}

The gross domestic product (GDP) per capita stands at USD 2,480.8, and the economy is projected to grow by 6.6% in 2025. Services dominate the economy, contributing 49.6% to GDP, followed by industry (25%) and agriculture (16%).⁴⁵ However, employment is not proportionally distributed as 42.86% of the workforce is in agriculture, while industry and services employ 26.12% and 31.02%, respectively.⁴⁶ India's informal sector remains dominant, though reforms like the Goods and Services Tax and digital financial services aim to formalize the economy. Despite growth, job creation, especially for youth, remains a challenge. In 2023, the employment rate was 52.37%.⁴⁷ Gender disparities are stark: women's labour force participation is just 27.8%, compared to 76.4% for men.^{48 49} The inequality persists across income groups, showing a significant gap between rich and poor (Gini Index: 32.80). The dispersion of poverty throughout the country is unequal, whereas multidimensional poverty index rates are higher in the eastern states of the country, such as Bihar, Jharkhand, Uttar Pradesh and Madhya Pradesh. Still, India has made significant progress, since multidimensional poverty fell from 55.3% in 2006 to 14.96% in 2021.⁵⁰ Also, the poverty headcount ratio (USD 3.00/day) decreased from 59.7% in 1977 to 5.3% in 2022.⁵¹ India ranks 134th on the UN Human Development Index (HDI) with a score of 0.644 in 2022, up from 0.434 in 1990.⁵² This places it in the medium human development category. Neighbours like Sri Lanka (0.780) and China (0.788) rank higher, while Nepal (0.601) and Pakistan (0.540) rank lower.⁵³

⁴² Source: World Bank Group. (2024). *Population ages 0-14 (% of total population) – India*. [Population ages 0-14 \(% of total population\) - India | Data](#)

⁴³ Source: World Bank Group. (2024). *Population ages 15-64 (% of total population) – India*. [Population ages 15-64 \(% of total population\) - India | Data](#)

⁴⁴ Source: World Bank Group. (2024). *Population ages 65 and above (% of total population) – India*. [Population ages 65 and above \(% of total population\) - India | Data](#)

⁴⁵ Source: Statista. (2023). *Distribution of gross domestic product (GDP) – India*. [India - Distribution of gross domestic product \(GDP\) across economic sectors 2023 | Statista](#)

⁴⁶ Source: Statista. (2022). *Distribution of the workforce across economic sectors – India*. [India - Distribution of the workforce across economic sectors 2022 | Statista](#)

⁴⁷ Source: World Bank Group. (2025). *Employment to population ratio, 15+, total (%) – India*. [Employment to population ratio, 15+, total \(%\) \(modeled ILO estimate\) - India | Data](#)

⁴⁸ Source: The Global Findex Database (2021). *Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*. [The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19](#)

⁴⁹ Source: World Bank Group. (2025). *Labor force participation rate, male (% of male population ages 15+) – India*. [Labor force participation rate, male \(% of male population ages 15+\) \(national estimate\) - India | Data](#)

⁵⁰ Source: Statista. (2024). *Share of people living in multidimensional poverty in India from 2006 to 2021, with estimates for 2022 and 2023*. [India: Multidimensional Poverty Index \(MPI\) | Statista](#)

⁵¹ Source: World Bank Group. (2017). *Poverty headcount ratio at \$2.15 a day*. [Poverty headcount ratio at \\$3.00 a day \(2021 PPP\) \(% of population\) - India | Data](#)

⁵² Source: UNDP. (2024). *India shows progress in Human Development Index, ranks 134 out of 193 countries*. [India shows progress in Human Development Index, ranks 134 out of 193 countries | United Nations Development Programme](#)

⁵³ Source: UNDP. (n.d.). *Human Development Index*. [Human Development Index | Human Development Reports](#)

Recently, important developments create tension in India. The long and tense history between Pakistan and India flared up again in April 2025, following a terrorist attack in Jammu and Kashmir, which India attributes to Pakistan-based militant groups. The situation remains fragile, reflecting the volatile and historically complex relationship between the two nuclear-armed neighbours.⁵⁴

	2013	2018	2021	2022	2023
Population (in billions)	1.30	1.37	1.41	1.43	1.44
Rural population share	68%	66%	65%	64%	64%
GDP per capita	1,432.8	1,966.3	2,239.6	2,352.6	2,480.8
Share of agriculture in GDP	17.1%	16%	17.4%	16.6%	16%
Share of employment in agriculture	46%	41%	44%	43%	44%
Poverty headcount ratio	22.9%	11.1%	12.9%	N.A.	N.A.
Poverty gap ratio	4.7	2.2	2.7	N.A.	N.A.
Gini	35.4	34.5	32.80	N.A.	N.A.

Table 8: Country demographics of India (World Bank, 2023)

6.1.2 Financial inclusion

India has made significant strides in financial inclusion in recent years, driven by government initiatives, digital innovation and policy reforms. The Financial Inclusion Index rose from 43.4 in 2017 to 64.2 in 2024, reflecting notable progress. All of the data in this paragraph is drawn from the Global Findex Database 2021 or stated otherwise.⁵⁵

Despite a general literacy rate of 77%, financial literacy in India remains low at 35%. Regional disparities are stark: while Kerala and Goa lead with both high general and financial literacy (84%/35% and 80%/50% respectively), Mizoram, despite a high general literacy rate (77%), has the lowest financial literacy (6%). Therefore, the regional differences in terms of financial literacy are way bigger (6%-50%) than for general literacy (67%-84%). This suggests that financial literacy is influenced by more than just education levels.⁵⁶ To address this, India has launched several initiatives. For example, the Reserve Bank of India (RBI) launched the National Strategy for Financial Education, which aims to educate

⁵⁴ Source: BBC. (2025). *India and Pakistan blame each other for escalating military tensions*. [India and Pakistan blame each other for escalating military tensions - BBC News](#)

⁵⁵ Source: Klapper, L., Singer, D., Ansar, S. (2021). *India Country Brief*. World Bank Group. [The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19](#)

⁵⁶ Source: Ali, S., & Jabee, U. A. (2024). Financial Literacy in India. *Futuristic Trends in Social Sciences (3)*, 127-136. [rs12024262F10D3C60E82C.pdf](#)

citizens about the benefits of saving, budgeting, and fraud prevention.⁵⁷ Another major initiative is the Pradhan Mantri Jan-Dhan Yojana (PMJDY), the National Mission for Financial Inclusion, launched by the Government of India (GoI) in 2014. PMJDY aims to provide universal banking access and improve financial literacy through Financial Literacy Centres (FLCs), especially targeting rural populations, women, and youth.⁵⁸

Account ownership has more than doubled from 35% in 2011 to 78% in 2021. Much of that growth occurred between 2014 and 2017 as a result of the PMJDY initiative that began in 2014. Also, the Aadhaar number played a major role in this, which is a twelve-digit unique identity number that can be obtained voluntarily by all residents of India, based on their biometrics and demographic data. Aadhaar has streamlined the KYC process, which is essential for opening a bank account. However, growth in account ownership reduced after 2017.

India’s financial inclusion rate of 64.2% in 2024 is below the global average rate of 76%.^{59 60} In 2011, the income gap was 14%, meaning a larger share of the richest 60% of households in India had accounts compared to the poorest 40%. By 2021, this income gap has nearly disappeared, and the gender gap also dropped from 20% in 2014 to effectively zero. Interestingly, there is no significant gap in account ownership between adults living in rural versus urban parts of India. This suggests that rural populations are increasingly integrated into the formal financial system. The requirement of account ownership to obtain a Kisan Credit Card (KCC) definitely encourages account ownership. Therefore, the KCC scheme can be seen as a catalyst for financial inclusion.

India’s major role in reducing global cash usage is largely due to the rapid rise of digital transactions, especially through the Unified Payments Interface (UPI) and the widespread use of Aadhaar. UPI was launched in 2016 by the National Payments Corporation of India and enables instant money transfers between bank accounts via mobile devices. Despite this progress, only 35% of adults (45% of account holders) in India used their accounts for digital payments in 2021, which is well below the 57% average across developing economies. Neighbouring countries like Bangladesh and Sri Lanka have even higher adoption rates. While account ownership shows little disparity across gender and geography, usage does. Women are 13% less likely than men to use digital payments, and rural usage (30% of adults) lags behind urban areas (40%). To address this, financial inclusion efforts must go beyond access and focus on user capability. India has made significant strides in digital literacy through initiatives like the National Digital Literacy Mission (NDLM) and Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA), which aim to bridge the digital divide, especially in rural areas. These programs enhance the ability of individuals to navigate digital platforms and utilize online services effectively.

	2014	2017	2021
Adults with an account	53.1%	79.9%	77.5%
Gap between men and women	20%	5%	Equal
Use of mobile money account	2.4%	2%	10.4%

⁵⁷ Source: National Centre for Financial Education. (2023). *National Strategy For Financial Education 2020-25: A Multi-Stakeholder led approach for creating a Financially Aware and Empowered India*. [NATIONAL Strategy for financial education \(2020-25\)](#)

⁵⁸ Source: Ministry of Finance. (n.d.). *Pradhan Mantri Jan Dhan Yojana (PMJDY)*. [Pradhan Mantri Jan-Dhan Yojana | Department of Financial Services | Ministry of Finance](#)

⁵⁹ Source: Reserve Bank of India. (2024). *Financial Inclusion Index for March 2024*. [Reserve Bank of India - Press Releases](#)

⁶⁰ Source: FinDev Gateway. (2021). *Financial Inclusion: A Global Overview*. [Financial Inclusion: A Global Overview | FinDev Gateway](#)

Borrowing to start, operate, or expand a farm or business	9%	6.9%	-
Saving to start, operate, or expand a farm or business	7%	9.7%	-
Overall IMF FD index	0.44	0.46	0.53

Table 9: Financial inclusion data of India (World Bank)

6.1.3 Financial sector characteristics

India’s financial sector is diverse and resilient, comprising various institutions that meet the country’s wide-ranging financial needs. Figure 1 provides an overview of these institutions, followed by a detailed explanation.

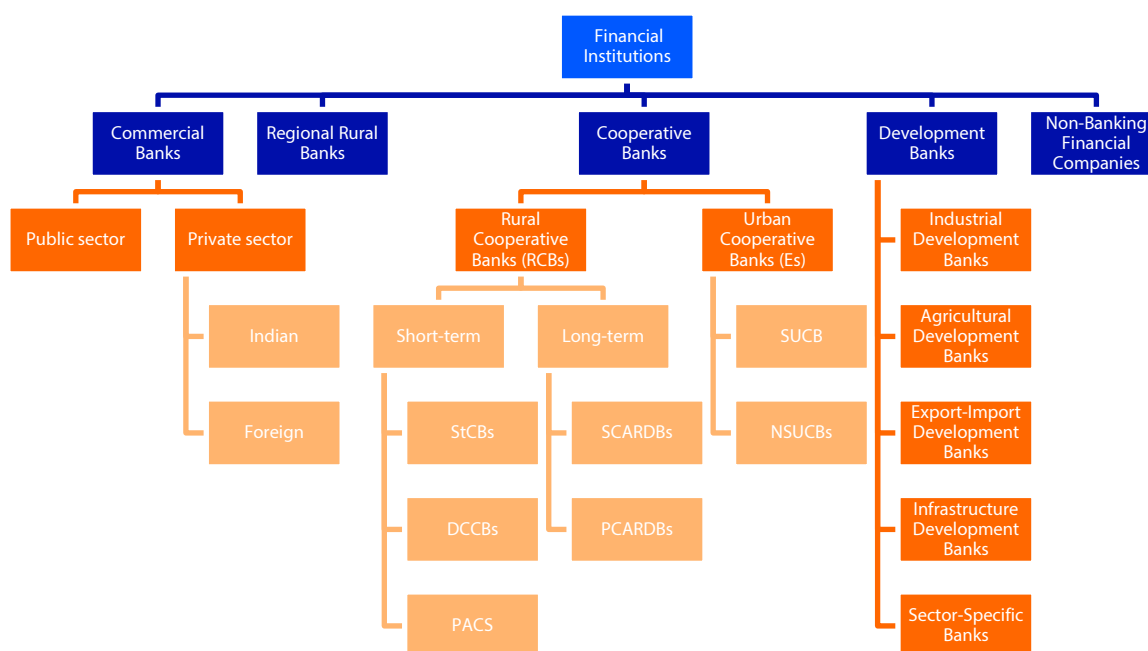


Figure 1: Overview of the (type of) financial institutions in India (Rabo Partnerships, 2025)

StCBs = State Cooperative Banks, *DCCBs*= District Cooperative Central Banks, *PACS*= Primary Agriculture Credit Societies, *SCARDBs*= State Cooperative Agriculture and Rural Development Bank, *PCARDBs*= Primary Cooperative Agriculture and Rural Development Bank, *SUCB*= Scheduled Urban Cooperative Bank, *NSUCBs*= Non-Scheduled Urban Cooperative Bank.

6.1.3.1 Financial Institutions

6.1.3.1.1 Commercial banks

As a significant part of the banking system in India, commercial banks play a pivotal role. India’s commercial banking sector consists of 12 public sector banks, 21 private sector banks, 45 foreign banks, 12 small finance banks, 6 payment banks, and 2 local area banks. In general, with regard to the performance of the scheduled commercial banks (SCBs), they underwent an expansion the last couple of years, led by robust credit growth. Banks’ profitability rose for the sixth consecutive year and asset quality improved further with the gross non-performing assets (GNPA) ratio falling to its

lowest in 13 years at 2.7 per cent at end-March 2024.⁶¹ However, there is an uneven distribution in terms of size, looking at the consolidated balance sheet of SCBs, whereas public sector banks (55.2%) and private sector banks (37.5%) comprise the largest shares.⁶² The commercial banking sector in India is dominated by a few large players, particularly in the public sector. The largest and oldest bank of India, which is still in existence is the State Bank of India (SBI).

		Type	Total assets (USD) ⁶³	Agriculture loan portfolio (USD)	Number of branches	Number of ATMs ⁶⁴
1	State Bank of India	Public	750 billion	37.4 billion	22,219	62,617
2	HDFC Bank	Private	320 billion	21.6 billion ⁶⁵	6,342	18,130
3	ICICI Bank	Private	250 billion	20.3 billion ⁶⁶	5,275	15,589
4	Canara Bank	Public	191 billion	28.1 billion ⁶⁷	9,816	12,026 ⁶⁸
5	Punjab National Bank	Public	190 billion	18.5 billion ⁶⁹	12,248	13,000+
6	Bank of Baroda	Public	190 billion	-	9,500+	13,000+
7	Union Bank of India	Public	165 billion	20.9 billion ⁷⁰	8,500+	9,000+ ⁷¹

Table 10: Overview of largest commercial banks in India (Rabo Partnerships, 2025)

Commercial banks are generally perceived as more professional and trustworthy compared to other financial institutions in the country. One of the defining features of commercial banks in India is their strong financial positioning, largely due to their larger balance sheet, which allows them to provide more services, invest in technology and offer competitive rates. Especially the top-tier commercial banks, such as the SBI, HDFC Banks and ICICI Bank are particularly well-capitalized and have significant presence across the country.

However, banks that do not have an extensive rural presence can indirectly still be involved with agricultural lending. These banks can benefit from the government mechanisms where if one bank is exceeding its priority sector lending targets, the other banks can either purchase credits or buy that portfolio.

⁶¹ Source: Reserve Bank of India. (2024). *Report on Trend and Progress of Banking in India*. [Reserve Bank of India - Press Releases](#)

⁶² Source: Reserve Bank of India. (2022). *Operations and Performance of Commercial Banks*. [Reserve Bank of India - Publications](#)

⁶³ Source: Harsh, S. (2024). *Top 10 Biggest Banks in India by Total Assets in 2024*. [Top 10 Biggest Banks in India by Total Assets in 2024 - Investment Dose](#)

⁶⁴ Source: Jain, P. (2025). *Top 10 Largest Banks in India 2025- Government Bank & Private Bank*. [Top 10 Largest Banks in India - Government Bank & Private Bank - 19th June 2025](#)

⁶⁵ Source: HDFC. (2025). *Financial results for the quarter and year ended*. [FINANCIAL RESULTS \(INDIAN GAAP\) FOR THE QUARTER AND YEAR ENDED MARCH 31 2025](#)

⁶⁶ Source: ICICI. (2024). *Annual Report 2023-24*. [ICICI Bank Report.pdf](#)

⁶⁷ Source: Canara Bank. (2025). *Annual Report 2024-25*. [Annual Report – 2024-25.pdf](#)

⁶⁸ Source: Canara Bank. (n.d.). *Profile*. [Canara Bank Profile - Learn About Our Bank's History and Values](#)

⁶⁹ Source: Punjab National Bank. (2025). *Annual Report 2024-25*. [pnbindia.in/annual-reports.html](#)

⁷⁰ Source: Union Bank. (2025). *Financial results for the Quarter/Year ended March 31, 2025*. [Microsoft Word - Final Press Release Q4FY25 English Final.docx](#)

⁷¹ Source: Union Bank. (n.d.). *About Us*. [About Us | Union Bank of India](#)

In terms of product offerings, almost all commercial banks offer KCCs, these are the most commonly used agricultural loans. Also often offered are gold loans. A gold loan is a secured loan where a borrower pledges their gold ornaments or coins as collateral to a bank or financial institution in exchange for a loan. In the agricultural context, these loans are often short term and used for crop cultivation, buying inputs like seeds, fertilizers, or even for urgent family needs. Besides, commercial banks also offer longer term agricultural loans for investments, for example for irrigation or farm mechanization. However, a challenge for farmers is that for the term loans, the eligibility requirements are stricter. For example, the SBI requires farmers to have a minimum land size in order to be eligible for a farm mechanization loan.⁷² India has known a lot of challenges in terms of land reformation, and therefore, many farmers have very small plots of land. However, commercial banks are often cherry picking and serving the larger scale farmers or agricultural companies, since these are more profitable and less risky to finance.⁷³

6.1.3.1.2 Regional rural banks

Regional Rural Banks (RRBs) in India were established to provide affordable banking and credit services to rural populations, especially small and marginal farmers, artisans, and entrepreneurs. They blend the strengths of commercial and cooperative banks and are jointly owned by the Government of India (50%), state governments (15%), and sponsor banks (35%). As of now, 43 RRBs operate across 26 states and 3 union territories, down from 196 in 2006 due to consolidation efforts aimed at improving efficiency. These banks have shown improved financial performance, with 37 reporting profits in FY 2022–23 and a 54.5% increase in net profit.

RRBs focus heavily on priority sector lending, with 68.6% of loans directed to agriculture. Most of their funding comes from NABARD. However, they face challenges such as limited scale, outdated infrastructure, and weak digital capabilities, making them vulnerable to competition from commercial banks and NBFCs. Despite structural complexities due to their tripartite ownership, RRBs benefit from experienced leadership, often drawn from top-performing public sector banks, which helps in adopting best practices and improving governance.

6.1.3.1.3 Cooperative banks

Cooperative banks are essential to India’s financial system, especially in advancing financial inclusion and rural development. Reforms have strengthened the sector by expanding the Reserve Bank of India’s regulatory powers, allowing greater capital-raising freedom, and enhancing deposit insurance to boost depositor confidence. The cooperative banking structure includes urban cooperative banks (UCBs) and rural credit cooperatives (RCCs). RCCs operate through a three-tier system: Primary Agricultural Credit Societies (PACS) at the grassroots level, District Central Cooperative Banks (DCCBs) in the middle, and StCBs at the top, with PACS directly serving farmers.

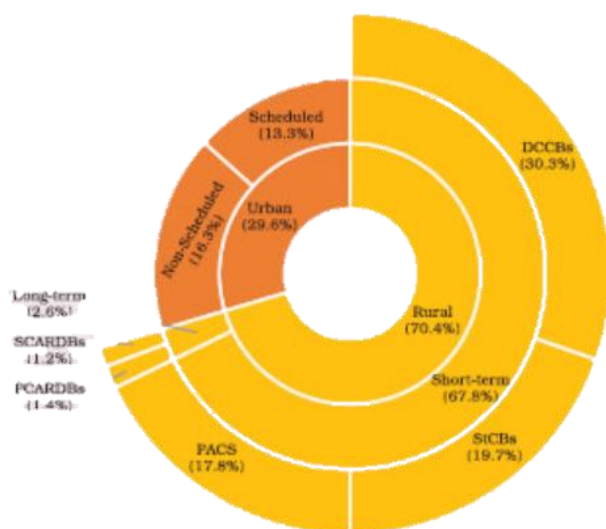


Figure 2: Structure of the cooperative sector in India (Reserve Bank of India, 2024)

⁷² Source: State Bank of India. (n.d.). *Agricultural Banking*. [Get Your New Tractor Loan Scheme Online in India | SBI - Agri & Rural](#)

⁷³ Source: Nayak, G. (2012). *Banks are increasingly cherry-picking customers*. [Banks are increasingly cherry-picking customers - The Economic Times](#)

Figure 2 shows a graphical representation of the structure of credit Cooperatives in India according to the RBI. As of 2024, there are more than 107,000 Rural Credit Cooperatives (RCCs) and 1,472 Urban Cooperative Banks (UCBs). Among them, PACS make up more than 97% of institutions but hold only 17.8% of cooperative assets. PACS operate at the village level and serve as the first point of contact for farmers, while District Central Cooperative Banks (DCCBs) and State Cooperative Banks (StCBs) function at higher tiers.

PACS are not supervised by NABARD and act as intermediaries in credit delivery, which can lead to increased interest rates. This has led to debate about whether PACS should continue offering credit or shift toward non-financial services.

Cooperative banks face challenges such as cash flow instability, weak management and limited product offerings, making them less competitive and heavily reliant on NABARD for refinancing. Despite these issues, their deep rural presence and community ties remain key strengths, offering valuable local insights and supporting their role in rural development.

6.1.3.1.4 Non-banking financial companies

Non-banking Financial Companies (NBFCs) have become a key source of financing for underserved populations and SMEs in India. As of September 2023, there were 9,356 NBFCs with a combined size of USD 326 billion. Their growth is driven by a rising middle class, improved financial inclusion, and supportive policies.⁷⁴ NBFCs are valued for their quick service, wide reach, and deep understanding of borrower needs, especially in rural and informal sectors. Despite higher interest rates, ranging from approximately 14% to 27% due to their higher cost of capital, many rural customers prefer NBFCs for their efficiency and service quality. This has made NBFCs strong competitors to cooperative, commercial, and RRBs, particularly among higher-risk and informal borrowers.

6.1.3.2 Regulation and supervision

The Reserve Bank of India (RBI) is the central bank of India and a pivotal institution in the country's financial system. It serves as the apex monetary authority, tasked with overseeing and regulating the banking sector. The RBI regulates and supervises the major part of the financial system, but other apex financial institutions also play a big role in the (delegated) supervision of other financial institutions.

One of these apex financial institutions is NABARD. Even though the RBI is the main regulator in the Indian banking sector, NABARD plays a big role in the supervision of RFI. RRBs and rural cooperative banks (RCBs) are the two important RFI that play a vital role in providing financial services in rural India. The RRBs and RCBs are regulated by the Reserve Bank of India (RBI) and supervised by NABARD under Section 35(6) of the Banking Regulation (BR) Act, 1949 and BR Act.

⁷⁴ Source: KPMG. (2024). *NBFCs in India: Growth and stability*. [NBFCs in India: Growth and stability](#)

6.1.4 Agricultural finance

The GoI has significantly increased budget allocations to agriculture, rising from INR 11,915.22 crore (USD 1.39 billion) in 2008-09 to INR 1,22,528.77 crore (USD 14.33 billion) in 2024-25, demonstrating its commitment to the sector.⁷⁵ The agency-wise share of total agricultural credit outstanding shows that SCBs clearly contribute the majority share (79%) in agricultural and allied credit. Cooperative institutions also play a significant role in extending agricultural credit. The share of all cooperative banks constituted 15%. The RRBs contributed the remaining 5% of the agricultural credit.⁷⁶

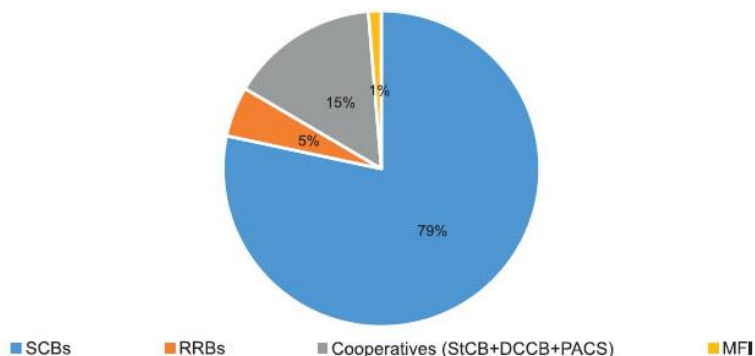


Figure 3: Agency-wise share in total agricultural outstanding as of March 31, 2017 (Reserve Bank, 2019)

SCBs continue to be the primary providers of agricultural credit across all Indian states, maintaining a dominant presence in both rural and urban financial ecosystems. Their extensive branch network and access to capital make them the backbone of institutional credit in agriculture. However, RRBs play a particularly important role in certain states where their outreach and local familiarity give them a comparative advantage. Meanwhile, cooperative banks have historically been instrumental in delivering agricultural credit, especially in states with a well-established cooperative movement. The high share of cooperative banks and RRBs in these states is largely attributed to their deep-rooted presence in rural areas, where they often serve as the first point of contact for small and marginal farmers. Their localized operations, familiarity with regional agricultural practices, and community-based approach make them more accessible and trusted among rural borrowers compared to commercial banks.

6.1.4.1 Government interventions/policies

The Indian government plays a major role in the financial system, with state-owned institutions holding about 55% of total financial sector assets in 2023. Through policy tools like Priority Sector Lending (PSL), credit is directed toward sectors such as agriculture and micro, small, and medium enterprises (MSMEs) to support vulnerable groups and employment-intensive industries. The Reserve Bank of India mandates that SCBs and foreign banks allocate 40% of their Adjusted Net Bank Credit (ANBC) to priority sectors, while RRBs and Small Finance Banks must meet a higher target of 75%. Sub-targets include 18% for agriculture and 8% for small and marginal farmers.⁷⁷ Therefore, PSL incentivises market actors to search for innovative solutions to meet their agricultural targets. There are also certain consequences if banks do not reach the PSL targets that are set. Banks with PSL shortfalls must contribute to specific funds, such as the Rural Infrastructure Development Funds (RIDF), managed by NABARD. Also, if banks misclassify loans as PSL, the misclassified amount is deducted from their PSL achievement. The master direction of PSL also mentions that there are regulatory

⁷⁵ Source: Ministry of Agriculture & Farmers Welfare. (2025). *Strengthening India's Agricultural Backbone*. [Press Release: Press Information Bureau](#)

⁷⁶ Source: Reserve Bank of India. (2019). *Report of Internal Working Group to Review Agricultural Credit*. [Reserve Bank of India - Reports](#)

⁷⁷ Source: Reserve Bank of India. (2025). *Master Directions- Priority Sector Lending*. [Reserve Bank of India - Master Directions](#)

consequences at play when banks fail to comply. This could impact a bank's ability to receive regulatory approvals or clearances from the RBI.⁷⁸ Some banks struggle to meet their PSL targets and sub-targets, due to various reasons, such as geographical disadvantage, limited availability of eligible borrowers in their domain operations etc. Therefore, banks deal in priority sector lending certificates (PSLCs), which are tradable certificates issued by banks against priority sector loans. They enable banks to meet their priority sector lending targets without actually disbursing loans, allowing them to buy and sell these certificates to satisfy their lending requirements.⁷⁹ This led to the critique that PSL became more target oriented than outcome oriented.⁸⁰

Besides policies, the Government of India (GoI) introduced the Kisan Credit Card (KCC) scheme in 1998 to meet the production credit requirements of farmers in a timely manner. It allows them to purchase agricultural inputs and withdraw cash for production expenses. KCCs are issued by Private Sector SCBs, Public Sector Banks, Small Finance Banks, Primary Agricultural Credit Society (PACS) ceded with SCBs, RRBs, and RCBs. Also, the GoI, under Modified Interest Subvention Scheme (MISS), provides interest subvention of 1.5% to banks for providing short-term agricultural loans through KCC up to INR 3 lakh (USD 3,508) at a concessional interest rate of 7%.⁸¹ An additional Prompt Repayment Incentive of 3% is provided to farmers on timely repayment of loans, which effectively reduces the rate of interest to 4% for farmers. Loans up to INR 2 lakh (USD 2,339) are extended on a collateral-free basis, ensuring hassle-free access to credit for small and marginal farmers. The loan limit under the MISS will be further increased in 2025 from INR 3 lakh (USD 3,508) to INR 5 lakh (USD 5,846) which would further benefit the farmers.⁸² As of 2024, there are 77.2 million operative KCCs, resulting in a total amount of INR 9,80,404 crore (USD 114.6 billion) of operative KCCs.⁸³ This is one of the important interest subvention schemes of the GoI and encourages farmers to repay their loans on time. Additionally, the KCC includes crop insurance, offering protection against unforeseen events. One of the most common insurance scheme linked to KCC is Pradhan Mantri Fasal Bima Yojana (PMFBY). The scheme offers a comprehensive shield against crop losses caused by unpredictable natural hazards. It aims to reduce insurance costs for farmers, by offering low premiums. The maximum premium payable by the farmer will be 1.5%, 2% or 5%, depending on the crop.⁸⁴ The remaining premium is subsidized by the government.⁸⁵ Farmers must apply for insurance coverage within two weeks of the sowing season, and amongst others, they must possess a valid land ownership certificate or land tenancy agreement to be eligible for the scheme. It is interesting to note that the cooperative banks almost comprises half of the share in KCCs outstanding (46%), compared to commercial banks (36%) and RRBs (18%). Nevertheless, challenges remain prevalent, amongst others operational challenges, including assessment of crop losses, delayed premium payments and data accuracy. The share in outstanding amount in KCCs is dominated by commercial banks (64%), while cooperative banks only have a 18% share, as well as RRBs.⁸⁶ This shows that cooperative banks on average disburse lower amounts of KCC loans compared to commercial banks, who have a higher share in amounts compared to their operative share in KCCs.

⁷⁸ Source: Reserve Bank of India. (2025). *Master Directions- Priority Sector Lending*. [Reserve Bank of India - Master Directions](#)

⁷⁹ Source: CFI. (n.d.). *Priority Sector Lending Certificates (PSLCs)*. [Priority Sector Lending Certificates \(PSLCs\) - Overview](#)

⁸⁰ Source: Reserve Bank of India. (2025). *Master Directions- Priority Sector Lending*. [Reserve Bank of India - Master Directions](#)

⁸¹ Lakh is equal to one hundred thousand (10⁵) in the Indian numbering system. [Lakh - Wikipedia](#)

⁸² Source: Ministry of Finance. (2025). *Operative Kisan Credit Card (KCC) amount crosses ₹10 Lakh Crore benefiting 7.72 Crore Farmers*. [Press Release:Press Information Bureau](#)

⁸³ Source: Reserve Bank of India. (2024). *Kisan Credit Card Scheme: State-Wise Progress*. [Reserve Bank of India - Publications](#)

⁸⁴ Kharif and Rabi are two cropping patterns which are adopted in many Asian countries. The Kharif season starts with the onset of monsoon and ends when the rainy season is over. In contrast, Rabi crops are grown during the winter and they are sown when monsoon ends and harvested before the summer begins.

⁸⁵ Source: Government of India. (2025). *Pradhan Mantri Fasal Bima Yojana turns Nine*. [Press Release:Press Information Bureau](#)

⁸⁶ Source: Reserve Bank of India. (2019). *Report of the Internal Working Group to Review Agricultural Credit*. [Reserve Bank of India - Reports](#)

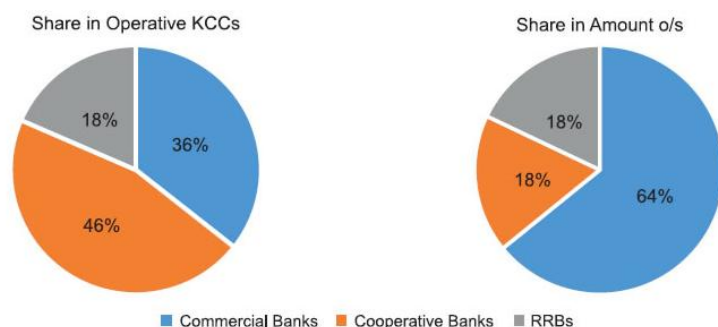


Figure 4: Share in KCCs (Reserve Bank)

In February 2020, the Indian government launched the “Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)”-scheme to enhance productivity and farmers’ income through collective production and marketing.⁸⁷ With a budget of INR 6,865 crore (USD 802.7 million) until 2027–28, the scheme aims to reduce production costs and promote sustainable farming. So far, INR 254.4 crore (USD 29.7 million) in equity grants has been disbursed to 4,761 FPOs, and credit guarantees worth INR 453 crore (USD 53 million) have been issued to 1,900 FPOs. Recently, the 10,000th FPO was launched, connecting around 30 lakh farmers, 40% of whom are women.

6.1.4.2 Summarizing

Commercial banks are strong, trusted, and offer a wide variety of services, especially the large banks, which also reach rural areas. Smaller commercial banks often rely on other financial institutions to comply with their priority sector lending targets. RRBs are smaller and face tough competition. Mergers aim to make them stronger, but their shared ownership can slow decisions. Cooperative banks are close to rural communities and understand farmers well, but they face cash flow issues, limited services, and weaker management, which affects trust. NBFCs charge higher interest rates but attract customers with fast, reliable service, making them strong competitors in rural areas. One of the conclusions that can be drawn about agricultural finance is that the combination of fast and affordable finance in India hasn’t been solved yet.

6.1.5 NDB Landscape

Besides the financial sector characteristics and banks that were mentioned in the previous chapter, also national development banks (NDBs) play a significant role in fostering economic growth, especially in the sectors that need more attention. The NDBs all have quite narrow mandates, focusing on specialized sectors or industries.

National Development Banks of India
Industrial Development Bank of India (IDBI)
Industrial Finance Corporation of India (IFCI)
Small Industries Development Bank of India (SIDBI)
National Bank for Agricultural and Rural Development (NABARD)
Export-Import Bank of India (EXIM)

⁸⁷ Source: Ministry of Agriculture & Farmers Welfare. (2025). 10,000 FPOs Achieved under Government’s Flagship Scheme A Step Towards Atmnirbhar Krishi. [Press Release: Press Information Bureau](#)

National Housing Bank (NHB)
National Bank for Financing Infrastructure and Development (NaBFID)

6.1.6 NABARD

Despite the fact that India knows many NDBs, in regard to agriculture and smallholder farmers, NABARD is the most relevant. NABARD is India’s apex development bank, established on 12 July 1982, under NABARD Act, 1981, as a Development Financial Institution for fostering rural prosperity. The mission of the NABARD is to: *“Promote sustainable and equitable agriculture and rural development through participative financial and non-financial interventions, innovations, technology and institutional development for securing prosperity”*.

6.1.6.1 Main characteristics

6.1.6.1.1 Size

NABARD is one of India’s largest financial institutions dedicated to rural development and agricultural financing. As of March 31, 2024, their balance sheet reached INR 9.1 lakh crore (USD 105.9 billion), reflecting a 13.6% growth from the previous year. It is a fully owned entity by the Government of India.⁸⁸

Geographical reach

NABARD operates nationwide, with offices across all Indian states and Union territories. With its headquarters in Mumbai, NABARD has a well-structured presence across the country functioning through regional offices (Ros), district development offices, and specialized training institutions. NABARD has 31 ROs across the country, each overseeing rural credit and development initiatives in their states. Additionally, district development managers (DDMs) are deployed across more than 400 districts, ensuring direct engagement with rural stakeholders.

6.1.6.1.2 Institutes

Subsidiaries

NABARD has established seven subsidiaries to leverage the institute’s expertise with its own specialists catering to specific sectors. Among these subsidiaries NABKISAN, NABFINS and NABSarakshan are relevant to mention in the context of this country analysis:

- **NABKISAN** provides credit for agricultural and rural non-farm enterprises, channelling funds through institutions to SHGs and JLGs.
- **NABFINS** adopts a unique model which leverages social collateral provided by SHGs and JLGs by offering micro-credit at their doorstep, at the lowest interest rate among NBFC-MFIs to low income households, comprising predominantly women.
- **NABSarakshan:** Administers credit guarantee schemes for sectors like animal husbandry, fisheries, and FPOs. Since the strengthening of FPOs is gaining more importance in the agri-ecosystem in India, this subsidiary of NABARD also gets a more important role.

Training and research institutes

NABARD has its - Bankers Institute of Rural Development (BIRD), which is dedicated to training and capacity building of bankers, NGOs and other developmental agencies, across India and Asia-Pacific. It has three centres across India that

offer training programs for bankers, MFIs, cooperatives, and government officials on rural finance, risk management, and policy implementation.

6.1.6.1.3 Roles and operations

NABARD primarily focuses on the development of rural areas by providing financial and infrastructure support to various rural institutions, including cooperatives. While NABARD does have various roles, such as refinancing banks and other RFIs, its primary mandate does not include direct lending to individual farmers, managing RCBs, or conducting commercial activities. Therefore, it can be categorized as a second tier bank. The primary roles of NABARD are graphically presented and summarized below based on their annual report.

Investing in a Sustainable Tomorrow: NABARD actively supports climate change adaptation and environmental sustainability by funding projects focused on tribal development, watershed management, and soil health. Initiatives include helping tribal families establish orchards (wadis), constructing over 1,800 water harvesting structures through the National Adaptation Fund for Climate Change, and implementing the NABARD-KfW soil project to restore degraded watersheds with climate-sensitive investments.

Inclusive development: Over the past 42 years, NABARD has played a key role in promoting inclusive development in India by supporting livelihoods, skill-building, entrepreneurship, and financial inclusion. It pioneered community-based models like Vikas Volunteer Vahini in the 1980s and Self-Help Groups (SHGs) in the 1990s, especially empowering rural



Figure 5: Overview of the roles and operations of NABARD

women. It later introduced Joint Liability Groups (JLGs) to extend credit to landless and marginal farmers. More recently, NABARD has focused on promoting FPOs to help small-scale producers access markets and scale their operations.

Financing Rural infrastructure: NABARD plays a crucial role in developing rural infrastructure by financing projects such as roads, irrigation systems, warehouses, and renewable energy through dedicated funds like the Rural Infrastructure Development Fund and others. It also promotes financial inclusion by supporting banking infrastructure, including mobile ATM vans that bring banking services and financial literacy to underserved areas. These initiatives help bridge access gaps and empower rural communities.

Credit Planning and Delivery for Financial Inclusion: As an apex institution promoting rural development in India, one of NABARD's primary responsibilities is to enable the flow of ground-level credit (GLC). Its objective is to ensure that the smallest and most marginalised economic actors at the grassroots gain access to institutional credit to invest into diversifying, expanding, and scientifically modernising their farm and off-farm activities. They can, thus, simultaneously 'contribute to' and 'enjoy' the fruits of inclusive and sustainable rural development in the long term. On the one hand, NABARD fulfils its role in expanding credit availability and supply through credit planning and monitoring, and last-mile credit delivery through both refinance and direct finance products. And on the other, it also seeks to stimulate credit

demand through greater financial inclusion. Taking a deeper dive in this matter, it can be stated that the main operation of NABARD is to refinance StCBs and RRBs. Figure 6 gives a graphical representation of the division of refinance that goes to StCBs and RRBs. As the graph shows, StCBs receive significantly more refinance than RRBs. This is due to the fact that the cooperative banking system in India is also much bigger than RRBs.

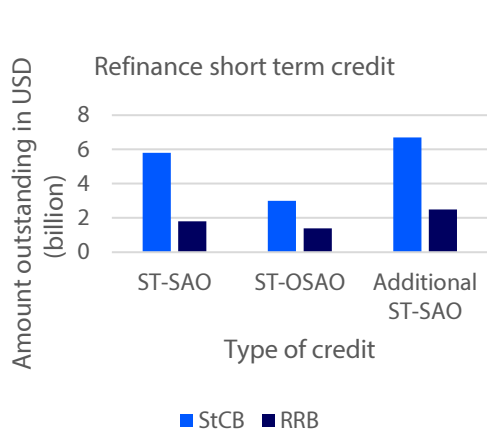


Figure 6: Overview of refinancing short term credit by NABARD to StCBs and RRBs

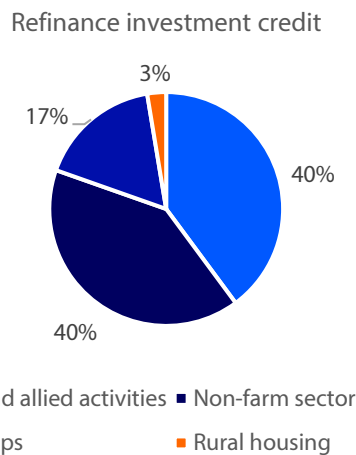


Figure 7: Overview of refinancing investment credit by NABARD

ST-SAO= Short Term Credit for Seasonal Agricultural Operations, **ST-OSAO**= Short Term Credit for Purposes Other than Seasonal Agricultural Operations

Besides short term credit, NABARD also refines investment credit, which is directed to 4 different categories, namely: agriculture and allied activities, non-farm sector, SHGs, and rural housing. Figure 7 presents an overview of the different categories and their share of refinance in investment credit. Agriculture and allied activities, and the non-farm sector significantly have the largest share in the investment credit.

Supervisory role

NABARD has a supervisory responsibility that extends beyond mere oversight to embody a commitment to support financial inclusion and business expansion roles of RFIs. RRBs and RCBs are the two important RFIs that play a vital role in providing financial services in rural India. The RRBs and RCBs are regulated by RBI and supervised by NABARD under Section 35(6) of the Banking Regulation (BR) Act, 1949 and BR Act, 1949, respectively. NABARD conducts periodic inspections of supervised entities (SEs).

Empowering Rural Financial Institutions

While promoting rural prosperity is central to NABARD’s vision, its mission emphasises institutional development as one of the key pathways towards realising this vision. NABARD has been mandated to strengthen three sets of RFIs, short-term credit cooperatives, long-term credit cooperatives, and RRBs. Each set has a specific mandate tailored to meet the diverse and escalating credit needs of rural communities. These institutions are crucial for rural financial inclusion given their extensive outreach, local feel and connect, and commitment to grassroots development.

6.1.7 Key stakeholders

The interest-influence matrix helps categorize stakeholders based on their level of interest in NABARD’s activities and their degree of influence over its decisions. Below is a structured way to position the key stakeholders in NABARD’s context.

6.1.7.1 Stakeholder mapping

NABARD operates in a wide stakeholder field of both private and public actors. For the continuation of this program, we mapped the various stakeholders according to both their interest and influence, in order to determine to what extent we should involve them going forward. Generally, we follow the following principle:^{89 90}

- High influence, high interest → collaborate
- High influence, low interest → involve
- Low influence, high interest → consult
- Low influence, low interest → inform

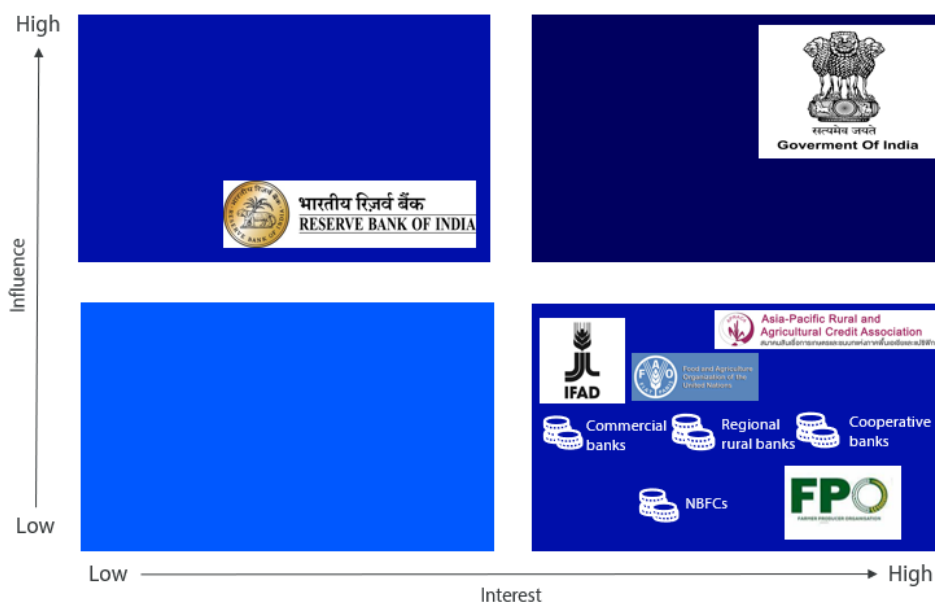


Figure 8: Stakeholder map NABARD

6.1.7.1.1 Government ministries and agencies

The Government of India (GoI), along with state governments and government cooperatives, plays a central role in policy-making and funding. Their decisions directly impact NABARD’s operations and priorities. As a policymaker, the Government of India sets the national agenda for agriculture. Besides, the government has the ownership over NABARD, which gives it significant influence over strategic decisions. Also, NABARD receives substantial budgetary allocations and capital support from the government. However, not all the funding of NABARD comes from the government. They have a diversified funding model, comprising of funds, deposits and borrowings in the bond and money market. Besides, as a primary regulator of the financial system in India, the RBI sets policy and guidelines that affect NABARD, such as interest rates and refinancing norms. However, the RBI has limited direct involvement in its daily operations.

6.1.7.1.2 Financial institutions

First, commercial banks rely on NABARD for refinancing support for their rural and agricultural lending portfolios. However, they do not directly influence the policy and operations of NABARD. It is more a dependency relationship.

⁸⁹ Influence on scope and focus of NABARD

⁹⁰ Interest in the focus and success of NABARD

Some of the most important and big commercial banks are the SBI, ICICI, and HDFC. Second, RRBs align very well with the mandate of NABARD, as they are designed to serve rural areas. They depend heavily on NABARD for refinancing, capacity building and training, and institutional development. However, RRBs do not shape the policies or funding priorities of NABARD. Third, also cooperative banks align very well with the mandate of NABARD, as they have a widespread presence in rural India. Therefore, they are high interest. However, cooperative banks exert low influence on NABARD, as they are supervised by NABARD, but also the highly fragmented nature of the cooperative banking sector and its capacity constraints limit its influence. Fourth, compared to commercial banks, RRBs and cooperative banks, NBFCs are less dependent since they are not refinanced by NABARD. However, as NABARD is a very big ecosystem player in the agricultural finance in India, their operations still matter for NBFCs.

6.1.7.1.3 International organizations

As IFAD is a big international organization, it influences on a higher level the ecosystem in which NABARD operates. Also, their relationship can be seen as a strategic partnership. As IFAD and NABARD have collaborated on co-financing rural development projects in India. However, IFAD is not necessarily involved or influenced by the daily operations of NABARD. Besides IFAD, APRACA plays an important strategic and collaborative role in supporting NABARD's operations, especially in terms of knowledge sharing. Another important international organization, but that exerts less direct influence on NABARD is the FAO. The FAO does not directly influence the daily operations of NABARD, but they recently signed an Memorandum of Understanding (MoU), focusing on carbon finance, sustainable agriculture, and climate-resilient activities.⁹¹

6.1.7.1.4 Social organizations

While FPOs are economic entities, they also have a strong social purpose. They are quite dependent on NABARD's assistance in terms of capacity building, infrastructure, and access to finance. However, they have little influence on NABARD, since they are still in early stages of development and they are dispersed throughout the country, which limits their collective influence.

6.2 Philippines

6.2.1 Country demographics

The Philippines, officially the Republic of the Philippines, is an archipelagic country in Southeast Asia composed of 7,641 islands grouped into Luzon, Visayas, and Mindanao. It spans 298,170 km² and is bounded by the Philippine Sea to the east, the South China Sea to the west, and the Celebes Sea to the south. As of 2025, the country has a population of 116.8 million, with a nearly even split between urban (49.3%) and rural (50.7%) residents. The population is demographically youthful, with 32.1% aged 0–14, 63.4% aged 15–64, and 4.5% aged 65 and above. Despite achieving rapid macroeconomic growth and stability over the past decade, reflected in a GDP per capita of USD 3,745 in 2023 and projected to rise to USD 3,970 by 2025, economic benefits remain unevenly distributed. Extreme poverty and hunger persist, particularly in rural and southern regions. The economy is dominated by the service sector (57.5% of GDP), followed by industry (26.3%) and agriculture (9.2%), with employment patterns reflecting this distribution. However, the agricultural sector, which employs 16.6% of the workforce, is especially vulnerable to climate change impacts. These challenges are compounded by the country's diverse economic, demographic, social, cultural, and natural resource contexts, which include some of the world's most fragile ecosystems.

⁹¹ FAO. (2025). *FAO and NABARD collaborate to advance climate-resilient agriculture through innovative finance and carbon markets*. [FAO and NABARD collaborate to advance climate-resilient agriculture through innovative finance and carbon markets | FAO in India | Food and Agriculture Organization of the United Nations](#)

The agricultural sector in the Philippines is made up of four major sub sectors comprising of crops, livestock, poultry and fisheries and remains a vital component of the economy and primary source of livelihood for 25-30% of the labour force, contributing around 10% to the gross national product. The sector has seen a growth rate of just 1.2% in 2023, significantly lagging behind the industry and service sectors. Despite its importance, the sector faces significant challenges, particularly among farming and fishing households who are highly vulnerable to natural disasters such as typhoons, earthquakes and floods. This has deepened poverty and food insecurity, displacing many agriculture dependent families and limiting their access to income and sustenance. Nutrition is another pressing concern, with undernutrition, overnutrition and micronutrient deficiencies. These issues are driven by persistent poverty, high food prices and systemic inefficiencies in food production and distribution. Contributing factors include low agricultural investment, skewed support favouring rice over other nutritious crops, poor logistics, postharvest losses, climate change and fragmented governance. Addressing these challenges is essential for improving food security and nutrition outcomes across the nation.

	2015	2020	2022	2023
Population (in millions)	105.31	111.05	112.39	114.89
Rural population share	54%	52.4%	51.9%	51.5%
GDP per capita (in USD)	2,909.9	3,548.9	3,676.2	3,804.9
Share of agriculture in GDP	11%	9.6%	9.4%	9.2%
Share of employment in agriculture	29%	24%	23%	22%
Poverty headcount ratio	23.5%	18.1%	17.6%	17.1%
Poverty gap ration	6.5%	3.9%	3.7%	3.5%
Gini	44.6	40.7	40.3	39.9

Table 11: Country demographics of the Philippines (World Bank, 2023)

6.2.2 Financial inclusion

As of 2024, financial inclusion in the Philippines has progressed, with 56% of the population aged 15 and above holding an account with a financial institution. This marks a significant improvement from 23% in 2017 and just 17% in 2015.⁹² Despite this progress, the country still lags behind several of its Southeast Asian neighbours, such as Malaysia (92%), Indonesia (85.1%), and Vietnam (69%), indicating room for further improvement in the financial inclusion.⁹³

However, disparities in financial access remain pronounced across various segments of the population. Gender inequality persists, with 60% of men owning financial accounts compared to only 52% of women. Geographic disparities also play a significant role. Financial inclusion is higher in urban areas, where 61% of residents have accounts, compared to just 48% in rural regions. This urban-rural divide implies that rural populations face more significant barriers to accessing financial services, such as limited infrastructure and fewer banking facilities.⁹⁴

⁹² Source: World Bank Global Findex Database - [Global Findex Worldbank](#)

⁹³ Sources: Global Findex Database - [World Bank Global Findex](#), [World Bank – Financial Inclusion in Malaysia](#), [FinDev Gateway – Vietnam Country Page](#)

⁹⁴ Source: Financial inclusion in the Philippines - [FinDev Gateway – Philippines Country Page](#)

Moreover, account ownership does not always translate into active usage. Over 10% of all accounts are inactive, with no deposits or withdrawals made in the past year. This inactivity points to a critical gap in financial engagement and emphasizes the importance of promoting not just access, but also use of financial services. Besides, the Philippine economy remains heavily reliant on cash, with only 40% of adults making or receiving digital payments. Mobile money usage is particularly low, with just 8% of the population holding a mobile money account. This is despite the country’s high mobile penetration rate of 99.3% and a smartphone ownership rate of 73.6%. Although, this suggest strong potential for digital financial services.⁹⁵

Based on the above, the Philippines have moderate financial development. To enhance financial development and address the challenges, the government and the Central Bank of the Philippines have launched initiatives such as the Digital Payments Transformation Roadmap. This strategy aims to increase the share of digital payments to 50% of total retail payments and expand financial inclusion to 70% of Filipino adults by 2024. These efforts are crucial for bridging existing gaps and ensuring that more Filipinos can benefit from inclusive and accessible financial systems.⁹⁶

	2021	2022	2023
Adults with an account	51.2%	53.8%	56.4%
Gap between men and women	6.2%	6.2%	6.6%
Use of mobile money account	8.9%	10.4%	12.1%
Borrowing to start, operate, or expand a farm or business	12.5%	13.8%	15.2%
Saving to start, operate, or expand a farm or business	18.3%	19.7%	21.1%
Overall IMF FD index	0.45	0.47	0.49

Table 12: Financial inclusion data of the Philippines (World Bank, FinDev Gateway)⁹⁷

⁹⁵ Source: Financial inclusion in the Philippines - [FinDev Gateway – Philippines Country Page](#)

⁹⁶ Source: Bangko Sentral ng Pilipinas - [BSP Digital Payments Transformation Roadmap 2020–2023 \(PDF\)](#)

⁹⁷ Sources: World Bank Global Findex and the FinDeve Gateway Philippines - [FinDev Gateway – Philippines Country Page](#), [World Bank Global Findex Database 2021](#)

6.2.3 Financial sector characteristics⁹⁸

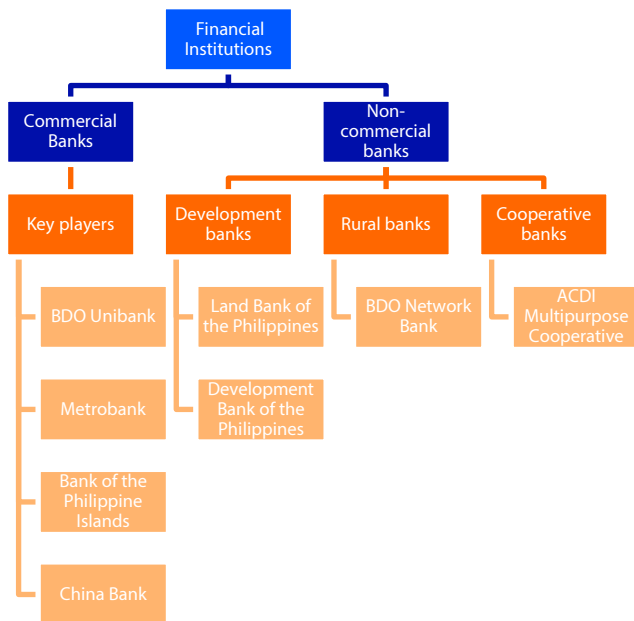


Figure 9: Financial institutions in the Philippines (Rabo Partnerships, 2025)

The financial sector in the Philippines has demonstrated resilience and consistent growth, attracting both domestic and foreign investments over the past years. The Philippine economy is diverse, with significant contributions from services, manufacturing, agriculture, and a rapidly evolving financial sector. The banking industry, in particular, has expanded in both scale and complexity, with several institutions extending their operations internationally. The Bangko Sentral ng Pilipinas (BSP) serves as the country’s central bank, managing monetary policy, currency issuance, and exchange rate stability.⁹⁹

Today, the Philippine banking sector comprises numerous commercial and non- commercial banks with extensive branch networks and ATMs across the country. The Key commercial banks in the Philippines are BDO UniBank, Metrobank, Bank of the Philippine Islands, and China Bank. In 2025, these institutions have shown strong performance, with some reporting record profits due to robust consumer lending and bond programs. Besides, there are key non-commercial banks consisting of development banks, rural banks and cooperative banks. The key development banks are Land Bank of the Philippines and the Development Bank of the Philippines. These banks are government-owned and focus on development-oriented lending, especially in underserved and rural areas. Although, these public banks face challenges in scaling their impact due to limited resources and bureaucratic constraints. The bureaucratic restraints include rigid administrative procedures, limited autonomy due to political oversight and overlapping mandates with other government agencies, which create inefficiencies. Additionally, resource limitations, a strong risk aversion and compliance requirements make it difficult for these banks to serve smallholder farmers and underserved communities effectively.¹⁰⁰

⁹⁸ This figure and the following financial sector overviews present only those institutions deemed relevant to the focus of this report and does not represent a comprehensive overview.

⁹⁹ Sources: Bangko Sentral ng Pilipinas [BSP](#), World Bank – Philippines Economic Updates [WorldBank](#)

¹⁰⁰ Sources: BDO Unibank Investor Presentation (2024 results) [BDO](#), Land Bank of the Philippines (Top 10 banks report) - [LBP](#), BDO Philippine Commercial Banking System highlights (Q4 2024) [BDO](#)

6.2.3.1 Key commercial banks

The Philippine banking sector has a robust network of commercial banks, with over 40 institutions operating nationwide. These banks play a critical role in driving economic activity, offering a wide range of financial services to individuals, businesses, and institutions.

6.2.3.1.1 BDO Unibank

Among them, BDO Unibank stands as the largest, boasting total assets of PHP 4.6 trillion (USD 82.3 billion) as of September 2024.¹⁰¹ BDO provides comprehensive services including retail and corporate banking, investment banking, and insurance, supported by a vast network of over 1,400 branches and 4,400 ATMs.

6.2.3.1.2 Metrobank

Metrobank follows closely in second place, with assets totalling PHP 3.1 trillion (USD 55.5 billion) and a strong presence through more than 950 branches and 2,300 ATMs. It offers a full suite of services from retail to investment banking.

6.2.3.1.3 Bank of the Philippine Islands

Another key player is the Bank of the Philippine Islands (BPI), one of the country's oldest financial institutions, with PHP 3.2 trillion (USD 57.3 billion) in assets. BPI operates over 900 branches and 3,000 ATMs, delivering services across retail, corporate, and investment banking.

6.2.3.1.4 China Bank

China Bank, ranking fourth in terms of assets at PHP 1.7 trillion (USD 30.4 billion), also contributes significantly to the sector with a network of over 600 branches and 1,000 ATMs, offering a similar range of financial services.

	Total assets	Number of branches	Number of ATMS	Number of customers	Gross NPL Ratio (2024)	Agriculture share
BDO Unibank	PHP 4.9 trillion (USD 87.7 billion)	1700	5800	11 million	1.82%	unknown
Bank of the Philippine Islands (BPI)	PHP 3.4 trillion (USD 60.8 billion)	900	3000	12 million	2.3%	~1.5%
Metrobank	PHP 3.3 trillion (USD 59.1 billion)	950	2300	7 million	1.66%	unknown
China Bank	PHP 1.8 trillion (USD 32.2 billion)	650	1000	3 million	2.00% (estimated based on BSP data)	~2%

Table 13: Overview of commercial banks in the Philippines with their characteristics (2024)¹⁰²

¹⁰¹ The exchange rate of June 11th 2025 is used throughout this whole section for the Philippines: PHP 1 = USD 0.01790. <https://wise.com/gb/currency-converter/php-to-usd-rate?amount=1>

¹⁰² Overview of commercial banks and their characteristics, based on the following sources: [BDO Unibank Investor Presentation Q1 presentation](#), [Metrobank Wealth insights - BDO profile](#), [BPI Investor Pitchbook, March 2024](#), [Metrobank Company Disclosures – 2024 Highlights](#), [Metrobank 2024 Annual Report](#), [China Bank Analyst Briefing Q3 2024](#), [China Bank Annual Reports](#)

6.2.3.2 Key non-commercial banks

6.2.3.2.1 Development banks¹⁰³

The Land Bank of the Philippines and the Development Bank of the Philippines (DBP) are the country's primary government-owned development banks. Land Bank, ranks first in terms of total assets with PHP 3.4 trillion (USD 60.8 billion) and has a strong mandate to serve the agricultural sector and promote rural development. Land Bank plays a critical role in bridging the financial gap for farmers, fisherfolk, agrarian reform beneficiaries, and rural enterprises by offering accessible credit and financial services. It operates as one of the most extensive banking networks in the country, with hundreds of branches and thousands of ATMs, particularly in underserved and remote areas. Beyond traditional banking, Land Bank also supports government programs and social support initiatives, including the distribution of governmental financial aid and subsidies. Its commitment to financial inclusion and sustainable rural development makes it an essential institution in the government's efforts to uplift marginalized communities and stimulate countryside growth. The DBP ranks second with a total assets of PHP 965 billion (USD 17.3 billion) in 2024. It focuses on financing strategic sectors such as infrastructure, logistics, micro, small and medium enterprises, and environmental sustainability projects. With over 130 branches and approximately 500 ATMs, DBP serves around 2 million customers nationwide. Its operations are closely aligned with the national socio-economic agenda, supporting initiatives that promote long-term development and resilience.

6.2.3.2.2 Rural banks¹⁰⁴

In addition, rural banks play a vital role in promoting financial inclusion and supporting agricultural development in the Philippines too. As of December 2023, there are 3,371 rural bank offices in the in the Philippines. Many rural banks in the Philippines are family owned, and these families often hold significant influence in their local communities, regional politics and business networks. These banks are often passed down through generations, allowing families to maintain strong ties with their clients and exert considerable influence in their regions. Although it also raises concern about their governance and regulatory influence and compliance. Accordingly, the central bank has increased oversight over these banks. The rural banks collectively serve around 1 million customers, providing essential financial services such as microfinance, agricultural loans and savings accounts. These banks are primarily located in rural areas across the country. The rural banks mainly serve the agricultural sector and rural communities including farmers, small business owners, and individuals in remote areas. The largest rural bank, BDO Network Bank boasts total assets of PHP 119 billion (USD 2.1 billion) as of September 2024.

6.2.3.2.3 Cooperative banks¹⁰⁵

Cooperative banks are another group within the non-commercial banking sector in the Philippines, with around 400 cooperative banks. Cooperative banks are member owned institutions that focus on community development and financial inclusion. These banks collectively serve around 500,000 customers, providing savings and credit services to their members. Cooperative banks emphasize the pooling of resources to achieve economic goals that would be difficult to accomplish individually. They play a significant role in empowering communities and enhancing financial stability in rural areas, where access to traditional banking is limited. The biggest cooperative bank in the Philippines is ACDI Multipurpose Cooperative, with a total asset base of PHP 33 billion (USD 590.5 million).

¹⁰³ Sources: [Land Bank of the Philippines, dbp](#)

¹⁰⁴ Sources: [Bangko Sentral ng Pilipinas – Statistics on Physical Network](#), [BSP Financial Stability Reports](#), [BDO network bank](#)

¹⁰⁵ Sources: [Cooperative Assessment Information System – CDA](#), [ACDI multipurpose cooperative](#)

	Total assets	Number of branches	Number of ATMS	Number of customers	Gross NPL Ratio	Agriculture share
Land Bank of the Philippines	PHP 3.4 trillion (USD 60.8 billion)	600	2000	8 million	2.47%	47%
Development Bank of the Philippines (DBP)	PHP 965 billion (USD 17.3 billion)	130	500	2 million	7.68%	10-15%
BDO network bank (subsidiary of BDO Unibank)	PHP 119 billion (USD 2.1 billion)	393	230 (ATMs via BDO Unibank)	1.5- 2 million	2.85%	Exact % not disclosed (expectedly significant)
ACDI Multipurpose Cooperative	PHP 33 billion (USD 590.5 million)	100+ (estimated)	-	> 500.000	-	Minimal agri exposure

Table 14: Overview of non-commercial banks in the Philippines with their characteristics (2023)¹⁰⁶

6.2.4 Agricultural finance¹⁰⁷

Agriculture plays a vital role in the Philippine economy, contributing significantly to employment and GDP. However, the sector faces numerous challenges, including limited access to credit. Despite various financial programs and initiatives, there remains a substantial gap between the demand for agricultural credit and the supply provided by financial institutions.

Several key financial institutions are actively involved in lending to the agricultural sector in the Philippines. The Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP) are among the primary institutions providing financial assistance to farmers and agribusinesses. These banks offer various credit programs designed to support agricultural production, agribusiness development, and rural enterprise growth. The Sustainable Agribusiness Financing Program (SAFP) by the Development Bank of the Philippines is such an initiative aimed at promoting agribusiness and enhancing the productivity of farmers and fisherfolk. The credit allocation covers diverse segments, including rice production, pork breeding, agroforestry, aquaculture and coconut farming. Besides offering capital, it also supports value chain development, helping producers access markets, improve infrastructure and adopt sustainable practices. Additionally, the Agricultural Credit Policy Council plays a crucial role in formulating policies and programs to improve access to agricultural credit.

In general, banks in the Philippines have shown consistent hesitancy in investing in the agricultural sector due to a combination of high risks, low returns and structural challenges. As agriculture is particularly vulnerable to natural disasters, pests, diseases and the impact of climate change all of which contribute to unpredictable yield and income instability. This makes loan repayment more uncertain and discourages banks from extending credit. Additionally, the

¹⁰⁶ Sources: [Land Bank 2023 Annual Report](#), [DBP – About Us](#), [DBP Branches and ATMs](#), [BDO](#), [ACDI Multipurpose cooperative](#)

¹⁰⁷ Sources: [Development Bank of the Philippines - Sustainable Agribusiness Financing Program](#), [Bangko Sentral ng Pilipinas - Agri - Agra Credit Law \(RA 10000\)](#), [BSP Draft Circular on AFRD Financing](#)

sector has historically shown low productivity and profitability compared to other industries. In addition, many smallholder farmers in the Philippines lack formal land titles or sufficient documentation which makes it difficult for banks to assess creditworthiness or secure collateral.

The Central Bank of the Philippines influences the agricultural sector through financial regulations and policy instruments that shape the flow of credit to the sector with both enabling and limiting effects on the sector and smallholder farmers. In regards to enabling factors in the agricultural sector it enforces the Agri-Agra Credit Law (RA 10000), which mandates banks to allocate 15% of their loan book to agriculture and 10% to agrarian reform beneficiaries. However, many financial institutions opt to pay penalties rather than comply, largely due to the high risks associated with agricultural lending. The BSP also promotes inclusive finance by supporting rural banks and cooperatives, encouraging digital financial services in underserved areas, and expanding access to microfinance and agricultural insurance. Additionally, it facilitates credit risk mitigation through guarantees, such as the MSME Credit Guarantee Facility that provides first loss guarantees to FIs, covering both working capital and term loans, with a guarantee coverage of 50-80% of the principal amount.¹⁰⁸ Also, BSP promotes green finance by integrating green finance into the financial inclusion policies, and creating an enabling environment for green finance by collaborating with key stakeholder groups in the public and private sectors.¹⁰⁹

However, despite these enabling measures, BSP regulations can also pose constraints for bank's willingness to invest in the agricultural sector. Prudential requirements, such as capital adequacy ratios and risk-weighted asset rules classify agricultural loans as high-risk, discouraging banks to lend to smallholder farmers. Besides, strict collateral requirements further limit access, as many farmers lack formal land titles. The complex documentation and compliance obligations make agricultural lending administratively burdensome for banks. As a result, banks frequently opt for alternative compliance options, such as investing in agricultural related bonds, which further limits access to credit for smallholder farmers. Overall, these constraints limit the potential progress in the agricultural sector due to limited investment of the banks.

6.2.5 Types & roles of NDBs

The primary national development banks in the Philippines are the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP), both operating as first-tier banks. However, due to LBP's use of indirect lending mechanisms – although rather limited, it also performs functions characteristic of a second-tier bank.

6.2.5.1 *The Development Bank of the Philippines*¹¹⁰

The Development Bank of the Philippines provides development banking, financing, remittance services to agricultural and industrial enterprises. It offers various credit programs aimed at promoting sustainable agribusiness, infrastructure development, and social services. DBP offers a wide range of products and services, including Corporate banking, Retail Banking, Trade Finance, Investment Banking and Digital banking. DBP also has products for farmers such as the SAFFP for agribusiness enterprises across the value chain which covers production, processing, logistics and marketing. The Expanded Rice Credit Assistance is a program in partnership with the Department of Agriculture, which provides low-interest loans to individual rice farmers, farmer cooperatives and irrigators' associations. The Agri- Fishery mechanization loan program is for the acquisition of farm machinery and equipment which is targeted at smallholder farmers and agrarian reform beneficiaries. The core focus is on value chain financing, which tends to favour large agribusinesses, cooperatives and agricultural enterprises with bankable projects. Although the government related Rice project does

¹⁰⁸ Source: GOVPH. (n.d.). *MSME Credit Guarantee Facility (MCGF)*. [MSME CREDIT GUARANTEE FACILITY \(MCGF\)](#)

¹⁰⁹ Source: Roundtable and BSP. (2022). *Sustainability Report 2022*. [Media And Research - Publications and Reports](#)

¹¹⁰ Sources: [DBP - Sustainable Agribusiness Financing Program](#), [DBP - ERCA - RCEF](#)

reach smallholder farmers, it is not the primary focus of its commercial lending. So overall, DBP mainly focuses of large-agricultural enterprises and cooperatives and has very limited support for smallholders through government programs.

In conclusion, DBP allocates a portion of its credit to agriculture. However, specific percentages for each segment are not readily available. The bank is mandated to comply with the Agri- Agra Reform Credit Act, which requires banks to allocate 25% of their total loan book to agriculture and fisheries. According to the 2023 annual report, DBP did not fully meet the 25% requirement but partially complied through direct lending to agricultural fishery enterprises, investment in agricultural related bonds and securities. The exact percentage is not disclosed, but DBP has acknowledged challenges in meeting the full quota due to limited bankable projects in the sector. In addition, it also shows that the bank has a challenge reaching smallholder farmers.

6.2.5.2 Land Bank of the Philippines¹¹¹

Land Bank of the Philippines (LBP) is the country’s biggest government-owned financial institution dedicated to advancing inclusive rural development. As the largest lender to the agricultural sector, LBP plays a pivotal role in empowering farmers, fisherfolk, and agribusinesses through a wide array of credit programs. It has a dual role as both a first-tier and second-tier lender allowing it to directly finance individuals, enterprises, and government projects, while also extending wholesale loans to partner institutions such as rural banks, cooperatives, and microfinance organizations.

	2021	2022	2023
Gross loan portfolio	PHP 1.07 trillion (USD 19.23 billion)	PHP 1.19 trillion (USD 21.35 billion)	PHP 1.49 trillion (USD 26.72 billion)
% of portfolio focused on agriculture	31%	32.7%	47%
% of loans to smallholder farmers	4.9%	5.8%	N.A.
NPL	N.A.	3.32%	2.47%

Table 15: Characteristics of Land Bank of the Philippines (Land Bank of the Philippines)

Based on the 2023 Annual Report of the LBP, the bank reported a total of PHP 694.51 billion (USD 12.43 billion) in outstanding loans directed toward agriculture, fisheries, and rural development (AFRD). Of this amount, approximately PHP 693.63 billion (USD 12.41 billion), or 99.9%, was extended through direct lending to end beneficiaries such as farmers, fishers, agrarian reform beneficiaries, cooperatives, and local government units. In contrast, indirect lending is channelled through partner financial institutions, microfinance institutions, and rural banks accounted for a very small portion, with programs such as the Socialized Credit Facility and Upland Southern Mindanao-Credit and Institutional Building Program disbursing around PHP189.81 million (USD 3.40 million) and PHP 14.79 million (USD 264,671), respectively. While LANDBANK’s ability to lend directly to the same customer segments as MFIs and rural banks may suggest potential competition, the Bank also plays a complementary role by providing wholesale funds and capacity-building support to these institutions. Although, in practice, more smallholder farmers access credit through MFIs and rural banks due to their proximity, flexibility and tailored services. LBP’s role is more institutional and programmatic as its direct lending is tied to government programs and involves more documentation and eligibility criteria which could be harder to comply with for smallholder farmers. Overall, this dual approach enables LANDBANK to expand financial inclusion while supporting the broader rural finance ecosystem.

¹¹¹ Source: [Land Bank Annual Report 2023](#)

As of September 2024, LBP reported total assets of approximately PHP 3.41 trillion (USD 61 billion), underlining its financial strength and expansive reach. The bank offers financial services, including deposit products, agricultural and business loans, digital banking, treasury and trust services, and remittance solutions. Its operations are deeply aligned with national development goals, particularly in agrarian reform, rural infrastructure, and poverty alleviation. With a mission rooted in financial inclusion and sustainable growth, LBP continues to be a cornerstone of economic empowerment across Luzon, Visayas, and Mindanao. This is demonstrated by its steadily rising loan disbursements, which grew from PHP 1.6 trillion (USD 28.6 billion) in 2021 to PHP 1.8 trillion (USD 32.2 billion) in 2023. Through its strategic partnerships and targeted financial products, LBP remains a vital engine for inclusive progress and rural transformation. The sectorial priorities of the bank are centred on agriculture, fisheries and rural development. These priorities are determined through legislated mandates by the Central Bank, the bank's mission and alignment with national development goals.

Aligned with LBP's mandate, a significant focus is placed on small farmers and fisherfolk, along with agrarian reform beneficiaries (ARBs), together account for a substantial portion of the bank's Agriculture, Fisheries and Rural Development (AFRD) portfolio, which comprised 47.15% of the total loan portfolio in 2023. The bank also targets micro, small and medium enterprises and cooperatives, offering them credit assistance and business development support. Local government units represent another key segment, particularly through infrastructure financing and public service projects, about 34.5% of AFRD financing. In support of government initiatives, LBP partners with public sector agencies for the distribution of social protection funds.

6.2.5.2.1 *Loan products*¹¹²

LBP offers a wide range of loan products, including loans to farmers & fishers, housing loans and business loans. LBP's commitment to advancing countryside development has remained steadfast, with outstanding loans to the entire agriculture value chain and rural development surging to PHP 694.5 billion (USD 12.43 billion) as of end 2024, serving a cumulative total of 3.7 million smallholder farmers and fisheries. This represents almost half (47.15%) of the bank's total loan portfolio dedicated to finance agriculture and fisheries production, sustainable projects and public rural infrastructure.

As of mid-2023, Land Bank appointed a new CEO with a commercial banking background. Under the new leadership, the bank streamlined its lending approach by replacing around 60 complex, crop-specific schemes with 15 simplified programs. This shift has made it easier for staff to offer flexible loans aligned with farmers' production cycles. In 2025, LBP aims to develop and launch innovative products designed to improve customer experience across rural and urban areas. The focus will be on expanding financial access nationwide, delivering faster services, and ensuring branch banking and digital experiences. In its lending operation, LBP remains focused in supporting agriculture, fisheries and rural development sectors and in promoting sustainability by advancing environmental and social development initiative across diverse client segments. In addition, LBP will focus on digital innovation to streamline the lending processes, and enhance accessibility, reduce processing times, and ensure a user friendly experience for borrowers which will contribute to financial inclusion in the country. Below is an overview of the various loans that are offered to farmers:

- Sulong Saka program: aims to provide credit assistance to farmers cultivating high-value crops such as banana, cacao, coffee, oil palm, rubber, vegetables, among others and for various qualified stakeholders to support their production, processing, marketing and other agri business projects.
- Agricultural credit support project: offers loan funds towards increasing investments, creating new job opportunities and improving agricultural productivity in the rural areas. The project provides credit support to agriculture and agri-related projects within a value chain.

¹¹² Sources: [Land Bank Loan products](#), [Land Bank Loans to Farmers](#)

- The Department of Agriculture, Department of Agrarian Reform, Department of Environment and National Resources and Land bank partnered to provide credit assistance of Agrarian Reform Beneficiary through their respective organizations and support their on farm and off- farm activities whether individual or communal projects.
- Program partners:
 - Department of Agriculture: provides funds, technical and marketing support
 - Department of Agrarian Reform (DAR) provides farm facilities and other support services
 - Department of Environment and Natural Resources – provides other support services
 - Land Bank provides credit managers fund and administer loans
- Agricultural and Fishers Financing program (AFFP): provides small farmers and fishers access to formal credit to finance their economic activities. The AFFP is being implemented in partnership with the department of Agriculture and the Agricultural and Credit Policy Council pursuant.
- Agricultural Competitiveness Enhancement Fund (ACEF): provides necessary credit to farmers and fisherfolk and their cooperatives and associations and micro and small enterprise to increase their productivity; and to establish an agricultural lending program that enhances competitiveness of target project beneficiaries or sectors especially the small farmers and fisher folk.
- ARISE – ARBs Program: aims to make available financing support for disaster affects ARBs/ SFHs and their families to restore livelihood and farming activities.
- DA Sikat Saka Program: offers a direct credit window from Landbank and integrated support from the Department of Agriculture to small palay (rice) and corn farmers to improve their creditworthiness and the viability of crop production. Program partners:
 - Agricultural Credit Policy Council (ACPC) – provides support funds and conducts evaluation
 - National Food Authority (NFA) – provides market for palay
 - National Irrigation Administration (NIA) – identifies, mobilizes and guides irrigators associations to become credit consolidators
 - Agricultural training institute – provides extension and training services on organizational strengthening, including financial management and credit discipline to small farmers
 - Philippine Crop insurance Corporation – provides insurance coverage for loans under the program
- Palay ng Lalawigan: is a joint program of Landbank and the Department of Agriculture that aims to assist provincial/ city/ municipal local government units purchase the palay (rice/paddy) produced by local farmers to help cushion the effects of the drop in the farm gate price of palay in the regions. In addition, it also aims to supplement the procurement activities that will be undertaken by the National Food Authority (NFA). Participating LGUs shall adopt a business module whereby they will operate an economic enterprise partnership with other LGUs and farmers cooperatives and associations. Under this scheme, they will buy the palay produced by local farmers sell/supply rice in the market/government entities, such as government hospitals, jails and other entities. THE LGUs could also enter into a milling arrangement with the affected rice millers, construct a milling facilities of their own or lease a milling facility.

The various loans for farmers, have each specific eligibility criteria tailored to the needs of its target borrowers. These could include individual smallholder farmers, fisherfolk and cooperatives to countryside financial institutions. To qualify, borrowers must meet the bank's established risk asset acceptance standards, demonstrate financial viability and have clear loan purpose, this can range from production financing to fixed asset acquisition. For instance, under agricultural and fisheries financing program, eligible individual borrowers are those cultivating no more than five hectares of land or operating small scale livestock or fishery enterprises. Applicants must also be registered in the Registry System for Basic sectors in Agriculture and have no outstanding loans for the same projects. Loanable amounts typically cover up to 80% of the project costs, with a minimum of PHP 20,000 (USD 358) and a maximum of PHP 300,000 (USD 5,369) per borrower, although these amounts differ per loan. In addition, institutions seeking to partner with LBP must be registered with the central bank, have a proven track record in rural lending and comply with the bank's monitoring and reporting criteria. These criteria differ per loan and ensure that LBP's credit programs are both inclusive and sustainable, effectively supporting rural development and agricultural productivity.

6.2.5.2.2 *Agricultural Expansion Credit Programs*¹¹³

In addition to the various loan products there are 26 Agricultural Expansion Credit Programs that focus on enhancing the agricultural sector. Some of the loan programs are in collaboration with the Department of Agriculture. Programs such as the Agricultural Competitiveness Enhancement Fund (ACEF), Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF), and the Sikat Saka Program have significantly improved access to credit for marginalized sectors. ACEF alone disbursed PHP 11.9 billion (USD 212.95 million) to nearly 80,000 loan accounts, while ERCA-RCEF supported over 15,000 rice farmers and cooperatives with PHP 2.47 billion (USD 44.20 million) in financing. These programs have not only enhanced productivity but also contributed to job creation, infrastructure development, and increased resilience in rural communities.

The evolution of Land Bank's loan programs from basic production credit to more comprehensive, programmatic approaches reflects a strategic response to the needs of smallholder farmer in the rural communities. This shift was driven by the recognition that credit alone is insufficient to achieve meaningful financial inclusion. Land bank's annual report emphasizes that successful programs are those that integrate financial products with on-the-ground support, capacity- building, and partnerships with government agencies and cooperatives. Very concretely, LBP implemented this by requiring agricultural clients to undergo capacity-building training as a prerequisite for loan applications. These insights suggest that future solutions should be designed from a holistic program perspective, bundling loans with training and risk management tools to effectively reach and empower smallholder farmers.

6.2.5.2.3 *Funding sources*¹¹⁴

Based on the latest annual report (2023) LBP's funding sources are primarily composed of deposits, capital infusions, and investment income. The total amount of deposits is PHP 2.90 trillion (USD 51.84 billion). A significant portion of these, about 64% of the bank's total deposits come from the National Government, while the remaining 36% is sourced from private depositors. The bank also maintains a strong capital base, which grew to PHP 281.91 billion (USD 5.04 billion) in 2023, supported by a record net income of PHP 42.08 billion (USD 753.03 million). Additionally, LBP leverages diversified income streams, including interest income from loans and investments to sustain its operations and developmental programs. It also accesses external funding through partnerships, syndicated loans, and grants, such as the USD 10 million from the Green Climate Fund for climate adaptation projects. These funding mechanisms enable LBP to support their lending programs particularly in agriculture and sustainable development. Additionally, LBP has a Net Funding Ratio of 151.13% which indicates that it holds 51.13% more stable funding than is required to support its assets and off-balance sheet exposures over the year. This reflects a robust liquidity position, good risk management and likely favourable regulatory and investor perception. Although, the potential downside might be that the high ratio indicates underutilized capital or an overly conservative funding.

6.2.6 Stakeholder mapping

LBP works with a great variety of partners. This is visualized below, the various stakeholders according to both their interest and influence are mapped, in order to determine to what extent they could be involved going forward. Generally, the following principles are applied:^{115 116}

- High influence, high interest → collaborate
- High influence, low interest → involve
- Low influence, high interest → consult

¹¹³ Sources: [Land Bank - Agricultural Competitiveness Enhancement Fund, ERCA - RCEF and ACEF Disbursement Updates](#)

¹¹⁴ Sources: [Annual report Land Bank 2023](#)

¹¹⁵ Influence on scope and focus of LBP.

¹¹⁶ Interest in the success and focus of LBP.

- Low influence, low interest → inform

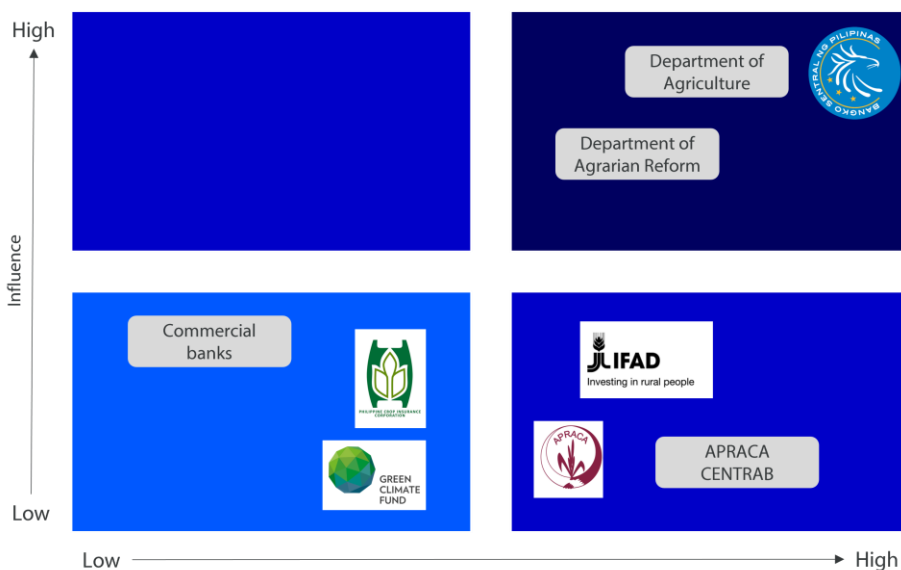


Figure 10: Stakeholder mapping for LBP (Rabo Partnerships, 2025)

6.2.6.1 Government ministries and agencies¹¹⁷

As a government-owned financial institution, LBP operates under the policy direction of the Philippine government. It aligns its programs with national development priorities such as agrarian reform, rural infrastructure and financial inclusion. Government policies influence LBP’s lending priorities, interest rates, and eligibility criteria for borrowers. For most of LBP’s direct lending programs to small farmers, the bank has a standardize interest rate at 5%. These subsidized rates are part of the government’s broader strategy to enhance agricultural productivity, reduce rural poverty and promote financial inclusion. In addition, the main government agencies that LBP collaborates with is the Department of Agriculture, Department of Agrarian Reform, Depart of Labor and Employment and Local government units.

The Philippine government has made significant efforts in promoting financial inclusion and rural development through strategic national policies and targeted programs. Central to this effort is the National Strategy for Financial Inclusion (NSFI) 2022–2028, by the central bank. This strategy aims to foster inclusive growth and financial resilience by ensuring effective access to a broad range of financial services, particularly for vulnerable and underserved sectors.

6.2.6.2 Financial institutions¹¹⁸

LBP collaborates with commercial banks primarily through second- tier lending arrangement. In this case, LBP provides wholesale loans to financial intermediaries, including rural and cooperative banks which then on- lend to their clients. This approach allows LBP to leverage the distribution networks and client relationship of commercial institutions to reach more borrowers, especially in rural areas. Although, LBP mainly collaborates with rural and cooperative banks.

¹¹⁷ Sources: [BSP National Strategy for Financial Inclusion 2022- 2028](#), [National Strategy for Financial Inclusion 2022- 2028](#), [Land Bank of the Philippines - Lending Programs and government collaboration](#)

¹¹⁸ Source: [Land Bank of the Philippines - Sustainable Finance Framework 2023](#)

6.2.6.3 International organisations¹¹⁹

LBP collaborates with international institutions, such as IFAD, FAO, the Green Climate Fund, and World Bank. In 2021, LBP launched a new credit facility called 'RAPID Growth' to support small farmers and MSMEs, which was funded by IFAD and partly implemented by the Department of Trade and Industry (DTI).¹²⁰ With support from the World Bank, LBP has implemented projects aimed at improving agricultural productivity and expanding rural employment opportunities for small farmers, such as the Small Farmer Development Project.¹²¹ Another remarkable milestone for LBP was receiving a USD 10 million grant from the Green Climate Fund for climate adaptation projects.

6.2.6.4 Social organisations¹²²

LBP collaborates with numerous NGOs and social organizations, partly through its role in managing and distributing funds under the Official Development Assistance (ODA) program. This program supports local governments in implementing community transformation initiatives focused on governance, social service delivery, economic development and environmental sustainability. A specific social organisation worth mentioning is APRACA CENTRAB (Centre for Training and Research for Agricultural Banking). This is the training and capacity-building arm of APRACA. Its main role is to provide training, research, and consultancy services in rural and agricultural finance by strengthening FIs.¹²³ Although APRACA CENTRAB serves the entire Asia-Pacific region, it is based at the headquarters of LBP, making their partnership both strategic and natural. Together, APRACA CENTRAB and LBP have organized joint study visits to share best practices in rural finance. Additionally, APRACA CENTRAB conducted a case study on LBP's rural finance model, funded by IFAD under the FinPower Program.¹²⁴

6.3 Vietnam

6.3.1 Country demographics

Vietnam, officially the Socialist Republic of Vietnam, is in Southeast Asia on the eastern edge of the Indochinese Peninsula. It is bordered by China to the north, Laos to the northwest, Cambodia to the southwest, and the South China Sea to the east. Agricultural land constitutes a significant portion of Vietnam's total land area at 39.3%, with diverse regions specialising in various crops and farming practices.¹²⁵

The country has a rich agricultural tradition with diverse agricultural regions.¹²⁶ The Red River Delta in the north is known for its fertile alluvial soil, making it ideal for rice cultivation and cash crops such as vegetables and fruits. This region is densely populated and benefits from intensive farming practices. The Central Highlands are characterized by their basaltic soil, which is perfect for high-value crops like coffee, rubber, pepper, and tea. This region's cooler climate and elevation support plantation agriculture and agroforestry. In the south, the Mekong Delta is another major agricultural hub, renowned for its rice paddies, fruit orchards, and aquaculture. The delta's alluvial soil and abundant water resources make it one of the most productive agricultural areas in Vietnam. The North-Central Coast and South-Central Coast

¹¹⁹ Source: [Land Bank - RAPID Growth Credit Facility](#), [Green Climate Fund Grant](#), [World Bank - Small Farmer Development Project](#)

¹²⁰ Source: Land Bank. (2021). *LANDBANK launches credit facility for 'rapid growth' of farmers, agri-based MSMEs*. [Land Bank of the Philippines | News](#)

¹²¹ Source: World Bank. (2010). *Philippines- Small Farmer Development- Land Bank- Project (English)*. [Philippines - Small Farmer Development - Land Bank - Project](#)

¹²² Source: [Case Study of the Land Bank of the Philippines: Institutional Level Approaches on Financial Services Delivery and Institutional Linkages](#)

¹²³ Source: [CENTRAB - APRACA](#)

¹²⁴ Source: [0114 Titlepage New](#)

¹²⁵ Source: World Bank. (2022). *Agricultural land (% of land area)- Viet Nam*. [Agricultural land \(% of land area\) - Viet Nam | Data](#)

¹²⁶ Source: Farmvina. (2025). *Overview of Vietnam's agricultural regions that you should know*. [Overview of Vietnam's agricultural regions that you should know | Farmvina](#)

regions, with their sandy and less fertile soils, focus on crops like rice, cassava, peanuts, and sugarcane, often relying on irrigation and rainfed agriculture.

Vietnam's population is primarily concentrated in urban areas and along the coast. Major cities like Ho Chi Minh City in the south and Hanoi in the north are densely populated and serve as key economic and cultural hubs. The Red River Delta and the Mekong Delta regions also have significant population densities due to their fertile lands and agricultural productivity. Vietnam has a population of approximately 101.35 million people. The population is distributed across various age groups: 23.6% are aged 0-14 years, 67.8% are aged 15-64 years, and 8.6% are aged 65 and above. There is a significant urbanisation trend with the total rural population declining, however the rural population remains substantial at 61% of the total population.

Vietnam has a GDP per capita of USD 4,282.1, with a consistent upward trend over the last few years with an increase of 6.3% in 2019, 7.3% in 2022 and 4.3% in 2023. This growth has been driven by various factors, including robust private consumption, stronger investments, and government policies aimed at economic stability and growth. Growth was on track to accelerate further in 2020, but the COVID-19 pandemic significantly affected private consumption and investments, thwarting this growth pattern with GDP per capita increases of less than 1.9% in 2020 and 2021. The government implemented a sizable fiscal stimulus package to mitigate the impact of the crisis.¹²⁷

The highest proportion of GDP can be ascribed to the services sector, covering 42.5%, followed by industry (37.1%), manufacturing (23.8%) and the agriculture, forestry and fishery sector accounting for approximately 11.96%. Prior to 2020, the agriculture, forestry, and fishing sector had a decreasing GDP contribution due to the growing significance of Vietnam's industry and service sectors. The agriculture, forestry and fishery sector is Vietnam's largest employer covering 32.98%. Despite agriculture being the largest employer, its workforce has been rapidly shrinking over the past decade, with other sectors benefiting from this trend. The manufacturing sector's share of total employment has grown significantly, reaching over 21% in 2022 compared to under 14% at the beginning of the decade. Vietnam has transformed from a net importer to a net exporter of agricultural products after its trade liberalisation and agriculture reforms in the 1980s. The country has become one of the leading producers and exporters of many important commodities, such as rice, coffee, pepper, and cashew nuts.¹²⁸ For example, Vietnam continues to rank as the second largest coffee producer in the world, just behind Brazil, and is the world's leading producer and exporter of Robusta coffee. Other significant agricultural products include sugarcane, cassava, corn, sweet potatoes, cashew nuts, rubber, tea, and various fruits and vegetables. Despite its progress, Vietnam's agricultural sector faces several structural and environmental challenges that hinder its modernization and competitiveness. The majority of farms—around 70%—operate on plots smaller than 0.5 hectares, while only 8% of farms exceed 2 hectares. This fragmentation limits economies of scale and efficient resource use. Moreover, the low level of organization among farmers makes it difficult to coordinate production, adopt shared technologies, or engage in large-scale commercial farming. Additionally, increasingly unpredictable weather patterns and environmental degradation pose serious risks to agricultural productivity and sustainability.

Vietnam's unemployment rate has been very low, at 1.6% in 2023. For youth, aged 15 to 24, the unemployment rate is higher at over 6%. If employed, women often work in the informal sector, where they are protected by minimal regulation, have few or no benefits, lack voice, social security, and decent work conditions, and are vulnerable to low salaries and possible job loss. Women working in Vietnam's informal sector face vulnerabilities due to age, lower education and family burdens.¹²⁹ They often occupy elementary occupations in the agriculture and services sectors,

¹²⁷ Source: Uyen, N. D. T. (2022). *Vietnam approves \$15.3 billion in aid for COVID-hit economy*. Aljazeera. [Vietnam approves \\$15.3 billion in aid for COVID-hit economy | Coronavirus pandemic | Al Jazeera](#)

¹²⁸ Source: Nguyen, M-N. (2024). *Agriculture in Vietnam- statistics & facts*. [Agriculture in Vietnam - statistics & facts | Statista](#)

¹²⁹ Source: International Labour Organization. (2025). *Education and training among reasons female informal workers in Viet Nam are vulnerable*. [Education and training among reasons female informal workers in Viet Nam are vulnerable | International Labour Organization](#)

which have a high prevalence of informality. Additionally, women dedicate more time to unpaid care work, averaging 4.34 hours per day compared to 2.66 hours for men, affecting their ability to seek formal employment. Economic disparities are more pronounced in rural areas, where women earn lower wages and live in greater precarity.

Vietnam shows significant inequalities between rich and poor, with a Gini Index of 36.1.¹³⁰ In the same year, 4.2% of the population lived below the national poverty line.¹³¹ The main cause of this high poverty number is the long-standing economic disparities between urban and rural areas. Despite significant economic growth and poverty reduction efforts, a high number of people still live in poverty, particularly in rural areas. This disparity is largely due to several factors, including limited access to education, healthcare, and infrastructure in rural regions compared to urban centres. Furthermore, ethnic minorities, who predominantly reside in rural areas, face social and economic marginalisation. The urban-rural divide is further exacerbated by the concentration of economic opportunities and investments in urban areas, leaving rural communities with fewer resources and opportunities for development.

Vietnam's Human Development Index (HDI) value for 2022 was 0.726, ranking it at 107 and placing it among the High Human Development countries. Between 1990 and 2022, Vietnam's HDI value rose from 0.492 to 0.726, nearly a 50% improvement, moving it from the lower end to the middle of the ranking due to consistent progress.¹³² Vietnam performs better than some of its neighbouring countries like Cambodia (146) and Laos (140) but is outperformed by Thailand (66) and Malaysia (62). Vietnam's HDI reflects its robust economic growth as well as ongoing efforts to improve education, healthcare, and living standards. However, it still faces challenges in bridging the gap with its more developed neighbours including significant urban-rural disparities, social and economic marginalisation of ethnic minorities, persistent gender inequality, and environmental sustainability issues.

	2017	2021	2022	2023
Population (in millions)	95.18	98.94	99.68	100.35
Rural population share	65%	62%	61%	61%
GDP per capita (in USD)	2,956.1	3,704.2	4,116.4	4,282.1
Share of agriculture in GDP	12.90%	12.60%	11.95%	11.96%
Share of employment in agriculture	40%	29.9%	33%	33%
Poverty headcount ratio	7.9%	-	4.3%	-
Gini	-	-	36.1	-

Table 16: Country demographics of Vietnam (World Bank, 2023)

¹³⁰ Source: World Bank. (2024). *Viet Nam Poverty and Equity Brief: October 2024*. [Viet Nam Poverty and Equity Brief : October 2024](#)

¹³¹ Source: Asian Development Bank. (2025). *Poverty Data: Viet Nam*. [Viet Nam: Poverty | Asian Development Bank](#)

¹³² Source: United Nations Development Programme. (2024). *Viet Nam is in the High Human Development category: UNDP New Report*. [Viet Nam is in the High Human Development category: UNDP New Report | United Nations Development Programme](#)

6.3.2 Financial inclusion

Despite the significant economic growth over recent decades, financial inclusion has not kept pace in Vietnam with many adults still lacking access to formal financial services. The Vietnamese government has been proactive in promoting financial inclusion through various policies and partnerships with international organisations like the World Bank. In 2016, the State Bank of Vietnam (SBV) partnered with the World Bank Group to develop a national financial inclusion strategy.¹³³ On January 22, 2020, the Prime Minister signed the National Financial Inclusion Strategy to 2025, with orientation towards 2030. Key elements in the strategy include digital finance, consumer protection, financial education, and support for underserved communities, including rural areas and ethnic minorities.

However, there are several challenges to achieving full financial inclusion in Vietnam.¹³⁴ Geographical barriers make it difficult to reach rural and remote areas, where the costs and logistical challenges of setting up branches are high. Financial literacy remains low, particularly in rural areas, making it difficult for people to understand and utilise financial products effectively. Income disparities also play a role, as low-income households often struggle to meet the documentation and creditworthiness requirements of traditional financial institutions, limiting their access to loans and other financial services. Trust issues persist, with some segments of the population wary of formal financial institutions due to past experiences with financial fraud or mismanagement. Transitioning to a non-cash economy is still a work in progress, with many adults lacking formal financial service. Gender inequality also persists with women often facing barriers to access loans and financial services.¹³⁵ Additionally, the regulatory environment, while improving, can still be cumbersome, making it difficult for new financial products and services to enter the market.

In Vietnam, although the Government approved a pilot programme on the use of telecommunications accounts to make payment for goods and services of small value (Mobile-Money), no proposal on implementation of this programme was approved so far. Therefore, widespread mobile money services have not yet been provided in the market. However, e-money has been provided in the market in the form of pre-paid cards (provided by banks) and e-wallets (provided by non-banks under an SBV licence).¹³⁶

	2017	2022
Adults with an account	31%	56.27%
Gap between men and women	1%	4%
Use of mobile money account	3%	16%

¹³³ Source: World Bank Blogs. (2017). *Vietnam's financial inclusion priorities: Expanding financial services and moving to a 'non-cash' economy*. [Vietnam's financial inclusion priorities: Expanding financial services and moving to a 'non-cash' economy](#)

¹³⁴ Source: DIV. (2024). *The results of implementing the National Financial Inclusion Strategy contribute to facilitate people's access to banking and financial services*. [The results of implementing the National Financial Inclusion Strategy contribute to facilitate people's access to banking and financial services](#)

¹³⁵ Source: GREAT. (n.d.). *Financial Inclusion*. [Financial inclusion - Equality.Aus4VietNam](#)

¹³⁶ Source: Baker McKenzie. (2021). *Vietnam: Pilot program for mobile money- a government initiative toward a cashless society and financial inclusion*. [Vietnam: Pilot program for mobile money—a government initiative toward a cashless society and financial inclusion - Baker McKenzie InsightPlus](#)

Borrowing to start, operate, or expand a farm or business	21%	-
Saving to start, operate, or expand a farm or business	15%	-
Overall IMF FD index	0.37	0.38 (2021)

Table 17: Financial inclusion data of Vietnam (World Bank, FinDev Gateway)

6.3.3 Financial sector characteristics

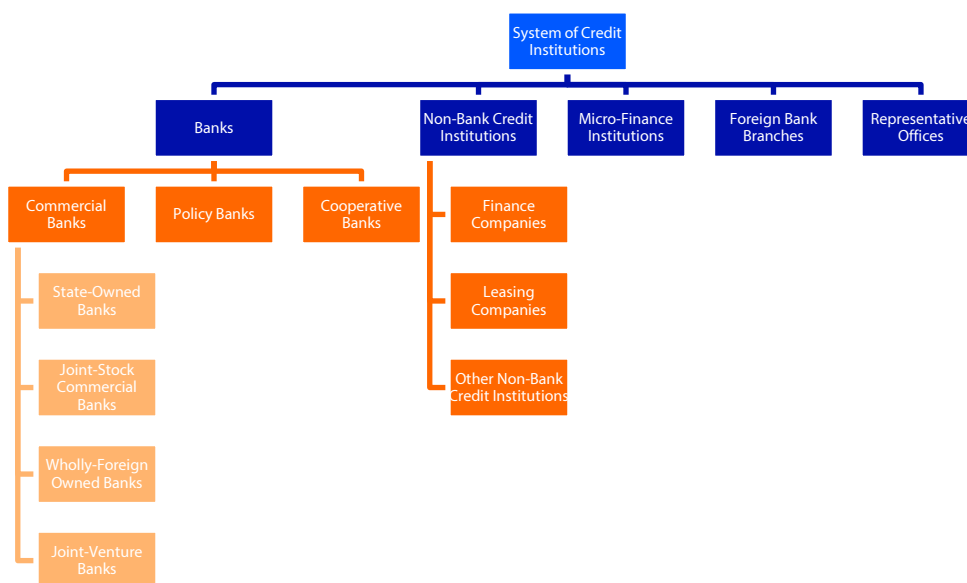


Figure 11: Overview of credit institutions in Vietnam (Rabo Partnerships, 2025)

Vietnam’s banking sector is dominated by four major state-owned banks: Viet Nam Bank for Agriculture and Rural Development (VBARD or Agribank); the Bank for Investment and Development of Viet Nam (BIDV); the Joint Stock Commercial Bank for Foreign Trade of Viet Nam (Vietcombank); and The Viet Nam Bank for Industry and Trade. Together, they hold about 50% of all outstanding loans. In addition, there are over 30 joint stock commercial banks, many of which are partially state-owned, and a number of foreign-owned banks, though most of the latter are relatively small in scale.¹³⁷

A key issue in Vietnam’s financial sector is the high volume of NPLs held by state-run banks, largely stemming from loans to state-owned enterprises. This has two main effects: banks become more risk-averse when lending to the broader economy, and their structure, geared toward large loans, makes them less suited to serving smaller borrowers like SHFs due to higher transaction costs.

The SBV serves as the central bank of Vietnam and plays a role in maintaining the country’s financial and economic stability. Established in 1951 and restructured in 1976, the SBV is headquartered in Hanoi and is led by a Governor appointed by the Prime Minister. Its core responsibilities include formulating and implementing monetary policy to

¹³⁷ Source: De Brauw, A., et al. (2020). *Agriculture Value Chain Finance in Viet Nam*. [Agriculture Value Chain Finance in Viet Nam](#)

ensure price stability and sustainable economic growth, issuing and managing the Vietnamese đồng (VND), and supervising all banking and credit institutions to uphold financial system integrity. The SBV also manages Vietnam’s foreign exchange reserves and exchange rate policy, oversees foreign currency transactions, and acts as the government’s fiscal agent by managing public debt and state accounts. In recent years, the SBV has actively promoted digital transformation in banking, been a part of strengthening green finance initiatives, and supported reforms to strengthening governance and resilience in the banking sector of Vietnam.^{138 139 140}

6.3.3.1 Commercial banks

Vietnam’s commercial banking sector consists of state-owned commercial banks, private commercial banks, and foreign-invested banks. In terms of total assets, state-owned and private banks are closely matched and compete actively. The total asset share across all financial institutions—including commercial banks, policy banks, cooperative banks, credit unions, and finance and leasing companies—was distributed as follows: 41.67% held by the seven state-owned banks, 44.97% by private banks, and 8.92% by foreign banks.¹⁴¹ This indicates a relatively balanced landscape between state and private ownership.

Among the state-owned banks, BIDV is the largest, with total assets reaching VND 2,121 trillion (USD 92.48 billion). Other major state-owned institutions include Agribank and VietinBank. There are approximately 30 private commercial banks. Leading players in this segment include Saigon Commercial Bank (SCB), Military Bank (MB), and Sacombank.

The country hosts over 52 foreign banks or bank branches, representing a wide range of international institutions. This includes Citibank, HSBC, ICBC, J.P. Morgan Chase, BNP Paribas, Deutsche Bank, United Overseas Bank (UOB), Maybank, Bank of China, and KB Kookmin Bank.

Bank	Type of Bank	Charter capital (VND Billion)	Charter capital (USD Billion) ¹⁴²
Vietnam Bank for Agriculture and Rural Development -Agribank	State-Owned Commercial Bank	51,638.6	1.98
Vietnam Joint Stock Commercial Bank of Industry and Trade – VietinBank	State-owned/Joint-Stock Commercial Bank*	53,699.9	2.06
Joint Stock Commercial Bank for Investment and Development of Vietnam – BIDV		57,004.3	2.19
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Vietcombank (VCB)		55,980.9	2.15

¹³⁸ Source: Giz. (n.d.). *Banking Industry Pioneering Viet Nam’s Digital Transformation*. [Success story_SBV_Digitalisation in Banking Sector.pdf](#)

¹³⁹ Source: SBV. (n.d.). Trang Chu. [Trang Chủ - Ngân Hàng Nhà Nước Việt nam](#)

¹⁴⁰ Source: EEAS. (2025). *EIB and State Bank of Vietnam pave the way for green finance cooperation to support Just Energy Transition*. [EIB and State Bank of Vietnam pave the way for green finance cooperation to support Just Energy Transition | EEAS](#)

¹⁴¹ Source: SBV. (n.d.). *Key Statistical Ratios*. [Trang Chủ - Ngân Hàng Nhà Nước Việt nam](#)

¹⁴² The exchange rate of June 11th 2025 is used throughout this whole section for Vietnam: VND 1 = USD 0.00003843. [42,080,000,000 Vietnamese dong to US dollars Exchange Rate. Convert VND/USD - Wise](#)

Asia Commercial Joint Stock Bank – ACB	Private Joint-Stock Commercial Bank	44,667	1.72
Viet Nam Technological and Commercial Joint Stock Bank - Techcombank		70,450	2.71
Military Commercial Joint Stock Bank – MB		52,140.0	2.00
Saigon - Hanoi Commercial Joint Stock Bank – SHB		36,629	1.41
Vietnam Prosperity Joint Stock Commercial Bank -VPBank		79,339.0	3.05

Table 18: Overview of the main commercial banks in Vietnam¹⁴³

6.3.3.2 Microfinance Institutions (MFIs)

Microfinance Institutions (MFIs) in Vietnam play a vital role in enhancing financial inclusion, particularly among low-income individuals, women, and rural communities. These institutions provide services such as microcredit, savings, and insurance to those who typically lack access to traditional banking. Vietnam’s MFI landscape includes formal institutions regulated by the SBV, semi-formal entities like NGOs and cooperatives, and informal community-based groups such as rotating savings and credit associations. The importance of MFIs in poverty reduction and financial inclusion has been recognised by the Vietnamese government. It is considered an important pillar towards comprehensive financial development in Vietnam, thereby actively contributing to hunger eradication, poverty reduction, and comprehensive and sustainable development of Vietnam's economy.

Currently, there are 4 MFIs and 79 microfinance programs/projects that have been licensed by the SBV; The number of customers of the 4 MFIs has reached 500,000; the total assets of the 4 MFIs remain relatively low with VND 10,380 billion (USD 0.40 billion).¹⁴⁴ The four recognised microfinance institutions are: M7 Micro - Finance Institution Limited, Tinh Thuong One-member Limited Liability Micro- Finance Institution (TYM), Thanh Hoa Micro – Finance Institution, Capital Aid for Employment of the Poor Micro-Finance Institution Limited. In terms of network and number of customers, the total number of branches across these licensed MFIs is 62 branches, operating in 25 provinces and cities across the country. The average loan size of microfinance institutions is about VND 15.8 million/customer (USD 607.17), which is equivalent to nearly 1/5 of Vietnam's current per capita income. Given the scale of their lending, MFIs have been focusing on extending credit to their target customer segments, which are the poor, low-income people, small and micro businesses. In addition, MFIs still maintain non-financial activities, as they implemented before converting to microfinance institutions.¹⁴⁵

¹⁴³ These banks are listed as joint-stock commercial banks. It’s important to note that, according to the State Bank of Vietnam (SBV), banks that are majority-owned by entities other than the SBV—even if they were originally state-owned—are classified as private commercial banks. This includes BIDV, VietinBank, and Vietcombank. However, due to the SBV’s continued majority shareholding (over 50%) in these institutions, they are still commonly referred to as state-owned commercial banks in practice.

¹⁴⁴ Source: SBV. (n.d.). *Latest News*. [Trang Chủ - Ngân Hàng Nhà Nước Việt nam](#)

¹⁴⁵ Source: SBV. (n.d.). *Latest News*. [Trang Chủ - Ngân Hàng Nhà Nước Việt nam](#)

Despite their strong commitment to serving low-income rural households, many MFIs face growth constraints due to limited capacity to mobilize voluntary savings and attract private sector investment. As a result, they often rely on concessional funding from NGOs and international donors to sustain their operations.¹⁴⁶

Another challenge in the MFI sector in Vietnam is the dominant position of Vietnam Bank for Social Policies (VBSP) in its role as a social policy bank. While Vietnamese government continues to support and promote the expansion of the microfinance sector, the VBSP benefits from significant advantages that create an uneven playing field. These include access to preferential loan schemes, partial government subsidies for operational costs, low or no-cost borrowing, and the ability to issue sovereign-guaranteed bonds without premium charges. Additionally, VBSP is exempt from many banking regulations, income tax, and deposit insurance premiums, resulting in minimal compliance costs. These privileges give VBSP a substantial competitive edge over other MFIs, potentially discouraging the entry, growth, and development of both existing and prospective microfinance institutions.¹⁴⁷

6.3.4 Agricultural finance

Agriculture finance in Vietnam has to address two fundamental challenges: (a) facilitating financial inclusion and (b) supporting the transformation and growth of agriculture. From the perspective of financial inclusion, Vietnam has been advancing in providing basic financial services. According to the World Bank Findex 2017 data, account penetration is relatively high for women and young people but still low among rural populations. Lagging significantly among all populations is the use of digital financial services such as mobile money; most payments continue to be in cash. While access to basic credit in Vietnam surpasses that of neighbouring countries, credit availability remains limited, primarily due to the reliance on land as the main, and often sole, form of collateral.

Furthermore, Vietnam continues to depend heavily on state-owned financial institutions, such as Agribank, to fund agricultural activities. The provision of basic financial services depending heavily on state-owned FIs may have its limitations in financing the continued growth and transformation of agriculture in Vietnam.¹⁴⁸

Lending to the agriculture sector has been concentrated in a few public financial institutions. According to the most recently available data from SBV, public financial institutions contribute almost three-quarters of the total outstanding loan portfolio on agriculture and rural development. Agribank holds a dominant position, with approximately half of the market share.

6.3.5 Types & roles of NDBs

6.3.5.1 Vietnam Development Bank

Vietnam Development Bank (VDB) is a relatively new state-owned policy bank established to support Vietnam's long-term socio-economic development. Officially founded on July 1 2006, VDB is mandated to support the country's strategic infrastructure development and executes state development investment and export credit policies. In the agricultural sector, VDB provides long-term credit for rural infrastructure projects such as irrigation systems, rural roads, and water supply, finances agri-processing and export-oriented agricultural enterprises. VDB also manages a National Credit Guarantee Fund in Vietnam. This fund aims to facilitate access to loans for SMEs – which can also be agri-related – by providing credit guarantees to commercial banks. However, for direct agricultural lending to agri-SMEs and farmers, Agribank plays a more central role with its mandate to serve the agricultural sector and rural communities, including smallholder farmers.

¹⁴⁶ Source: World Bank. (2019). *Vietnam Agriculture Finance Diagnostic Report*. [World Bank Document](#)

¹⁴⁷ Source: Asian Development Bank. (2025). *Profile of the Vietnam Bank for Social Policies*. [OTH: Viet Nam: Microfinance Development Program \(Programmatic Approach and Policy-Based Loan for Subprogram 1\)](#)

¹⁴⁸ Source: World Bank. (2019). *Vietnam Agriculture Finance Diagnostic Report*. [World Bank Document](#)

6.3.5.2 Vietnam Bank for Social Policies

The Vietnam Bank for Social Policies (VBSP) is a state-owned policy bank dedicated to promoting inclusive finance and social development across Vietnam. It was officially established on March 11, 2003. VBSP was formed by restructuring the Vietnam Bank for the Poor and separating social lending functions from Agribank. VBSP focuses on lending to the poor households, the near-poor households and other policy beneficiaries.¹⁴⁹

6.3.5.3 Agribank

Established on March 26, 1988, the Vietnam Bank for Agriculture and Rural Development (Agribank) is one of the country's largest and most influential state-owned commercial banks. Agribank's operations are supported by a workforce of approximately 40,000 employees and an extensive nationwide presence, with more than 2,300 branches and transaction offices serving communities across the country. Operating under the supervision of the Ministry of Agriculture and Rural Development, Agribank was created to serve as a financial backbone for Vietnam's agricultural sector and rural economy and as already mentioned, has the largest agriculture finance market share in the country.

As of 2021, Agribank solidified its position as one of Vietnam's largest and most influential financial institutions, with a total loan portfolio of VND 1.56 quadrillion (USD 68 billion)—60% of which is dedicated to agriculture. The bank aims to increase this share to 65% by the end of 2025, reinforcing its commitment to rural and agricultural development.¹⁵⁰

Agribank offers a comprehensive range of loan products focused on all types of borrowers in the agri-value chain, this includes:

- long term loans under government policies, to promote agricultural growth and rural infrastructure and the purchase of agricultural machinery and equipment, including approved imports, and supports efforts to reduce post-harvest losses through investment in modern technologies; and
- short-term small-scale loans for production and business activities, particularly in remote areas, as well as inter-season loans that allow repayment to be extended into the next agricultural cycle. For personal and household needs, the bank provides consumer loans covering education, healthcare, and daily living expenses, along with overdraft facilities for temporary financial flexibility.

Agribank plays a vital role in supporting entrepreneurs and small agri businesses in Vietnam through a variety of tailored loan products. These include:

- business and production loans that provide working capital and investment support for legal business activities; and
- group lending schemes, where borrowing groups or cooperatives can collectively access credit for production or livelihood purposes. These community-based models are managed in collaboration with local authorities and socio-political organizations such as the Women's Union and Farmers' Association. As of June 30, 2023, Agribank had extended loans to over 63,600 borrowing groups, serving more than 1.21 million customers, with outstanding loans totalling approximately USD 8.33 billion.

In addition to these efforts, Agribank implements preferential interest rate loans under government-supported programs, targeting households in disadvantaged areas and projects aligned with national development goals.

Finally, the bank has also announced a strategic focus on green agriculture, sustainable forestry, and renewable energy.¹⁵¹ A notable initiative is its dedicated lending program for high-tech and environmentally friendly agriculture,

¹⁴⁹ Source: Vietnam Bank for Social Policies. (n.d.). *History*. [History](#)

¹⁵⁰ Source: Agribank. (2024). *Annual report*. [Annual Report_AGRIBANK_2024.pdf](#)

¹⁵¹ Regional Roundtable, 28 May 2025

backed by a minimum funding commitment of USD 2 billion. This program supports enterprises, cooperatives, and farm owners involved in large-scale, safe agricultural production chains, offering interest rates 0.5% to 1.5% lower than standard preferential rates in the sector.¹⁵²

6.3.6 Stakeholder mapping

Agribank engages with a diverse range of partners. The visualization below maps these stakeholders based on their level of interest and influence, providing a strategic overview of how they might be engaged in future initiatives. Generally, the following principles are applied:^{153 154}

- High influence, high interest → collaborate
- High influence, low interest → involve
- Low influence, high interest → consult
- Low influence, low interest → inform

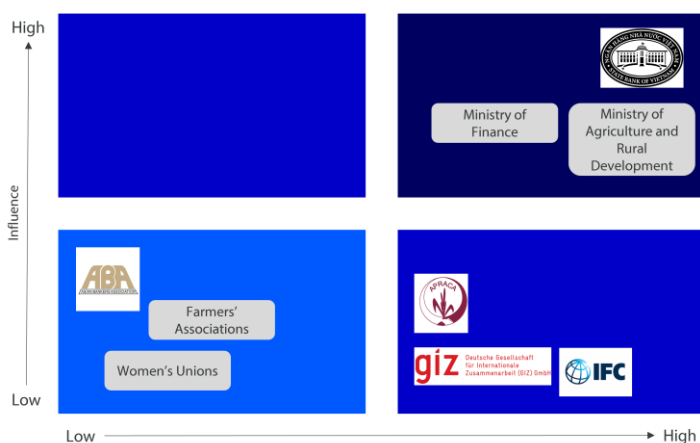


Figure 12: Stakeholder mapping for Agribank (Rabo Partnerships, 2025)

6.3.6.1 Government ministries and agencies

Agribank works closely with the State Bank of Vietnam in several strategic areas, particularly in support of national development goals and green growth initiatives. In May 2025, Agribank joined a major seminar co-organized by SBV, GIZ, and IFC to accelerate the implementation of the banking sector’s Action Plan for the National Green Growth Strategy (2021–2030).¹⁵⁵ Agribank is committed to further collaborate with SBV on implementing green growth initiatives, which is reflected by Agribank’s strong focus on green finance initiatives in its annual report. Agribank furthermore collaborates with the Ministry of Agriculture and Rural Development. One example of this is the government’s ambitious project to develop 1 million hectares of high-quality, low-emission rice in the Mekong Delta, for which Agribank was designated by the SBV as the main financial institution to implement the project.

¹⁵² Agribank. (2024). Annual report. [Annual_Report_AGRIBANK_2024.pdf](#)

¹⁵³ Influence on scope and focus of Agribank.

¹⁵⁴ Interest in the success and focus of Agribank.

¹⁵⁵ [Agribank joins efforts to realize the Banking sector’s green growth Action plan](#)

6.3.6.2 Financial institutions

Since Agribank is a first tier bank, there is limited engagement with local financial institutions. Agribank does partner with MoneyGram, a global payments network, to facilitate international remittances.¹⁵⁶

6.3.6.3 International organisations

Agribank indirectly partners with IFC and GIZ through SBV for implementing Vietnam's National Green Growth Strategy. Furthermore, Agribank has long-standing relationships with institutions such as the World Bank, IFAD, the Asian Development Bank (ADB), the French Development Agency (AFD), and the Luxembourg Agency for Development Cooperation (LuxDev). As of 31 December 2024, Agribank has received 40 international credit projects through the Ministry of Finance and SVB, of which 14 projects are active with a total credit limit equivalent to nearly VND 6,000 billion (USD 240 million).¹⁵⁷ Furthermore, Agribank has been an active member in international associations, such as APRACA, The Asian Bankers Association (ABA), and The French Chamber of Commerce and Industry in Vietnam (CCIFV).

6.3.6.4 Social organisations

Agribank has a strong collaboration local socio-political organizations and rural associations, such as Women's Unions and Farmers' Associations to channel its group lending products, as elaborated on in the previous chapter.

6.4 Bangladesh

6.4.1 Country demographics

Bangladesh, officially the People's Republic of Bangladesh, is a country in South Asia. It is the eighth-most populous country in the world (171.5 million in 2023) and comes in 9th in terms of population density (1,333 inhabitants per km² in 2024).^{158 159} Bangladesh shares land borders with India and Myanmar. In 2023, 28 % of the population in Bangladesh was aged up to 14 years old, 65 % were between 15 and 64, and 6 % were 65 and older. Bangladesh's rural population stood at 60 % in 2023 whilst only 11% of the country's GDP came from agriculture that year (see table below). GDP per capita was 2,551 USD in 2023 and has been almost consistently increasing over the past decades. Whilst 2023 data constitute a decline compared to 2022 by -6.1 %, GDP per capita in local currency saw a 11.7 % increase compared to the previous year; the decrease measured in USD is attributable to the BDT weakening against the USD.

In the year 2023/2024, services contributed the main share to the country's GDP (51 %), followed by industry (38%) and agriculture (11%). Within the agriculture sector, the crops & horticulture segment made up the majority (46.7%), followed by fishing, animal farming, and forestry and related services with 21.6%, 16.3%, and 15.3% respectively.¹⁶⁰ Nevertheless, 35% of working population were employed in agriculture in 2023 whilst 60% of Bangladesh's population lives in rural areas. Reasons for the discrepancy of these two figures could be: i) non-working age population (i.e. children and elderly people); ii) subsistence farming; iii) unpaid family labour; iv) informal work (97% of agriculture work in Bangladesh was informal as of 2023); and v) non-agricultural rural employment.¹⁶¹ Of the total female workforce, 53%

¹⁵⁶ MoneyGram expands its global reach via partnership with Agribank in Vietnam

¹⁵⁷ Agribank. (2024). *Annual report. Annual Report AGRIBANK 2024.pdf*

¹⁵⁸ Statista. (2025). *Twenty countries with the largest population in 2025. Countries with the largest population 2025| Statista*

¹⁵⁹ Statista. (2025). *Top fifty countries with the highest population density. <https://www.statista.com/statistics/264683/top-fifty-countries-with-the-highest-population-density/>*

¹⁶⁰ Ministry of Finance. (2024). *GDP, Savings and Investment. Bangladesh Economic Review. https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/f2d8fab9_29c1_423a_9d37_cdb500260002/BER_2024_11.%20Chapter%202_Eng_U.pdf*

¹⁶¹ International Labour Organization. (n.d.). *Statistics on the informal economy. Statistics on the informal economy - ILOSTAT*

were employed in agriculture, 29% within services and 18% in the industry segment. The unemployment rate stood at 4.%. According to the International Labour Organization (ILO), out of the total employed women in Bangladesh, 96.6% are in informal employment.¹⁶² Unemployment of people aged between 15 and 24, stood at 10.9% in 2023 after peaking in 2020 at 13.3%.

Bangladesh’s Gini index stood at 33.4 in 2022 indicating a moderate level of income/consumption inequality. In 2022, 18.7% of the population lived at/below national poverty lines whilst 5% lived with 2.15 USD/day. Bangladesh reached lower-middle income status in 2015.¹⁶³ As of 2023, Bangladesh ranks 130th in the Human Development Index, putting them in the medium human development bracket; India is on par with Bangladesh sharing rank 130 whilst Myanmar is slightly behind ranking 150th but still falling in the same category.¹⁶⁴

	2021	2022	2023
Population (in millions)	167.66	169.38	171.47
Rural population share	61%	60%	60%
GDP per capita (in USD)	2,482.8	2,716.5	2,551
Share of agriculture in GDP	11.6 %	11.2 %	11.0 %
Share of employment in agriculture	37 %	36 %	35 %
Poverty headcount ratio	-	5 %	-
Gini	-	33.4	-

Table 19: Country demographics of Bangladesh (World Bank, 2023)

6.4.2 Financial Inclusion

Of the population (age 15+), 52.81 % had a banking account in 2021; whilst only a small increase compared to 2017 (50.05 %), this is a significant increase vs. 2014 (30.99 %). Founded in 2011, in bKash - a joint venture of BRAC Bank, US-based Money in Motion LLC, International Finance Corporation (IFC) of the World Bank Group, Gates Foundation, Ant International, and SoftBank – has established itself as a payment service provider over the years contributing to an increase in account numbers and digital payments. As of 2025, the provider has a customer base of nearly 80 million and operates as an entity offering broad range of digital financial services under the regulation of Bangladesh Bank. Mobile Financial Service providers such as bKash catering a more difficult to reach customer base with low-cost, accessible, and user-friendly solution, remove many of the traditional barriers to banking. Nevertheless, in terms of account ownership, Bangladesh is behind the South Asia average of 67.89 % in 2021. Generally speaking, men seem to have more access to financial services with 62.89 % in 2021 having an account, whilst this figure only stood at 43.36 % for women. Interestingly, the discrepancy between rich and poor is not severe with 55.57 % of the richest 60 % and 48.65 % of the poorest 40 % having an account. In order to facilitate access to financial services, in 2015 agency banking was introduced in Bangladesh which aims at providing formal banking services to the unbanked segment of the population who are excluded from formal banking services. This service can be offered without opening a full-fledged bank branch,

¹⁶² International Labour Organization. (2024). *Formalization key to shared prosperity with workers in Bangladesh’s informal sector*. [Formalization key to shared prosperity with workers in Bangladesh’s informal sector | International Labour Organization](#)

¹⁶³ World Bank. (n.d.). *Overview*. [Bangladesh Overview: Development news, research, data | World Bank](#)

¹⁶⁴ United Nations Development Programme. (n.d.). *Human Development Index*. [Human Development Index | Human Development Reports](#)

compared to the conventional banking, this inclusive banking service is less expensive and can reach the remote areas of the country. Bangladesh Bank facilitated this by issuing the 'agency banking guidelines' in 2013.¹⁶⁵

There are also other initiatives under way to further digitize the financial sector to enhance accessibility such as introduction of electronic Know-Your-Customer solutions for the financial sector, digitalisation of the customer identification and verification processes and the development of a Micro Finance Credit Information Bureau system has been completed and piloting is underway.¹⁶⁶ According to Finclusion, nearly a quarter of adults (23%) were financially included through microfinance and other nonbank financial institutions (NBFIs) accounts. More people used NBFIs for savings and loans than any other type of formal financial institution.¹⁶⁷

2021	
Adults with an account	52.81 %
Gap between men and women	20%
Use of mobile money account	29.1 % (rural: 34.06 %)
Overall IMF FD index	0.24

Table 20: Financial inclusion data of Bangladesh (World Bank, FinDev Gateway)

6.4.3 Financial sector characteristics

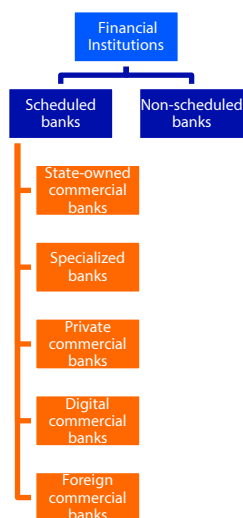


Figure 13: Overview of the financial institutions in Bangladesh (Rabo Partnerships, 2025)

Bangladesh Bank (BB) is the central bank of Bangladesh. There are 62 scheduled banks who operate under full control and supervision of Bangladesh Bank. Scheduled Banks are classified into State Owned Commercial Banks (6), Specialized Banks (3), Private Commercial Banks (43; 33 conventional and 10 Islami Shariah based), Digital Commercial Banks (1) and

¹⁶⁵ The Financial Express. (2023). *Agent banks make a notable contribution*. [Agent banks make a notable contribution | The Financial Express](#)

¹⁶⁶ Bank Negara Malaysia. (2024). *Electronic Know-Your-Customer (e-KYC)*. [Electronic Know-Your-Customer \(e-KYC\) Policy Document](#)

¹⁶⁷ Financial Inclusion Insights. (n.d.). *Bangladesh*. [Bangladesh - Financial Inclusion Insights from Kantar](#)

Foreign Commercial Banks (9). There are now 5 non-scheduled banks in Bangladesh which are established for special and specific objectives and operate under different acts; one example of such a bank is Grameen Bank.^{168 169} There are currently 10 full-fledged Islamic Banks in Bangladesh of which one is Islami Bank Bangladesh PLC having the largest number of branches and 16 conventional banks that have Islamic Branches.¹⁷⁰ In 2023, market share of Islamic Banking System stood at 23.65 % of assets.

In addition to supervising scheduled banks, BB provides (re)finance schemes to the NDBs and specialized banks as well as offering subsidy schemes to all banks. Bangladesh Bank aims to contribute to food security by subsidizing refinance to small scale farmers and has an agricultural loan disbursement target of BDT 380 billion (USD 3.1 billion) for FY2024–2025 for its scheduled banks; this constitutes a 8.57 % increase from the FY24 target and a 2.28 % rise over the actual disbursement of BDT 371.54 billion (USD 3.04 billion) in FY2024; banks face penalties if individual targets are not met.¹⁷¹

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	Type	Total assets BDT (USD)	Number of branches	Number of ATMs	% rural of total advance
Sonali Bank Limited ¹⁷³	State-owned Commercial Bank	1,981 billion (16.2 billion)	1,230 (503 urban and 727 rural)	217	6.7 %
Janata Bank Limited	(scheduled)	1,387 billion ¹⁷⁴ (11.4 billion)	904 ¹⁷⁵	20 ¹⁷⁶	N/A
Islami Bank Bangladesh Limited	Private Commercial Bank	1,839 billion ¹⁷⁷ (15.0 billion)	395 ¹⁷⁸	1,579 ¹⁷⁹ 400 ¹⁸⁰	N/A
BRAC Bank Limited ¹⁸¹	(scheduled)	727 billion (5.9 billion)	187	328 ATMs 78 CRMs	N/A

¹⁶⁸ Source: Bangladesh Bank. (n.d.). *Banks & FCs*. <https://www.bb.org.bd/en/index.php/financialactivity/bankfi>

¹⁶⁹ Source: Banker. (2024). *Non-Scheduled Banks in Bangladesh*. [Non-Scheduled Banks in Bangladesh | Banker](#)

¹⁷⁰ Source: Bangladesh Bank. (2024). *Quarterly Report on Islamic Banking in Bangladesh*. [ibq4_december_2024_final.pdf](#)

¹⁷¹ Source: Bangladesh Bank. (2024). *Monthly Report on Agriculture and Rural Finance*. [agri_jul24.pdf](#)

¹⁷² The exchange rate of June 11th 2025 is used throughout this whole section for Bangladesh. BDT 1 = USD 0.008183. <https://wise.com/gb/currency-converter/bdt-to-usd-rate?amount=1>

¹⁷³ Source: Sonali Bank. (2023). *Annual Report 2023*. [Sonali Bank Annual Report 2023.pdf](#)

¹⁷⁴ Source: Janata Bank. (n.d.). *Financial Highlights*. [Janata Bank PLC](#).

¹⁷⁵ Source: BanksBD. (n.d.). *Janata Bank Branch Listings*. [Janata Bank Branch Location in Bangladesh](#)

¹⁷⁶ Source: BanksBD. (n.d.). *Janata Bank ATM Booth Locations*. [Janata Bank ATM Booths in Bangladesh](#)

¹⁷⁷ Source : WSJ. (n.d.). *Islami Bank Bangladesh Ltd*. [ISLAMIBANK.BD | Islami Bank Bangladesh Ltd. Annual Balance Sheet - WSJ](#)

¹⁷⁸ Source: BanksBD. (n.d.). *Islami Bank Branch Listings*. [Islami Bank Branch Location in Bangladesh](#)

¹⁷⁹ Source: BanksBD. (n.d.). *Islami Bank ATM Booth Locations*. [Islami Bank ATM Booths in Bangladesh](#)

¹⁸⁰ Source: The Daily Star. (2021). *Banks fast embracing cash recycling machines*. [Banks fast embracing cash recycling machines | The Daily Star](#)

¹⁸¹ Source: BRAC Bank. (2024). *Annual Report 2023*. [Annual Report 2023.pdf](#)

Dutch-Bangla Bank Limited ¹⁸²	593 billion (4.9 billion)	241	4,575 ATMs 1,979 CRMs	6.5 %
Uttara Bank Limited ¹⁸³	263 billion (2.2 billion)	247	32	2.5 % ¹⁸⁴

Table 21: Overview of the main commercial banks in Bangladesh (Rabo Partnerships, 2025)

Whilst the above banks are the largest and most prominent banks in Bangladesh, other (usually smaller) banks and other service providers such as Micro Finance Institutions (MFI) are those that provide services to rural people and communities in Bangladesh (please see following section 2.3.1 Agriculture finance).

Overall, the state of Bangladesh’s state-owned banks’ financial health is deteriorating amongst other things due to dysfunctional governance, politically influenced lending practices, and the continued extension of credit to chronic defaulters often operating under modified identities. Janata Bank’s non-performing loans reached 72 % by the end of 2024 with a capital shortfall of BDT 528.9 billion (USD 4.3 billion). Across the state-owned banks Sonali, Rupali, BASIC and BDBL and Janata the average NPL stood at 48 % with BASIC, Agrani and Rupali banks having severe capital shortfalls.¹⁸⁵

6.4.4 Agricultural finance

Amongst those aforementioned commercial banks, some banks offer products particularly targeted at agriculture and rural credit. Janata Bank offers a variety of agricultural loans. Eligibility for such loans include that applicants must be real farmers directly engaged in agricultural work and in some cases a collateral is required for example in the case of *i) all types of crops (...)* where a minimum of 2.5 acres of land is needed. Interest rates vary and some of the loans charge 8% or 9% of interest. The bank also offers a Rural Women Employment Loan, Rural Transport Loan and Marginal & Small Farm System Crop Project; all charging 9% of interest. In addition, Rupali Bank, a state-owned commercial bank, has a large agricultural financing product offering. The bank provides a Bank-NGO Linkage Loan, targeted at NGOs registered by MRA, with the goal to provide loan through MFIs to facilitate the grassroots people. Rupali Bank also offers loans for individuals/groups/farms/projects.

Nevertheless, overall such loans may not be suitable for all farmers, due to varying reasons. Many farmers in Bangladesh do not own land or own a very small area of land. Marginal farmers constitute 41% of the total whilst only operating 11% of land and approximately 40% of farm households are landless tenants. In contrast, large and medium farmers, who constitute only 17% of the country’s farming population, operate almost half (47%) of the arable land; small and marginal farmers making up 83 % together cultivate the other half of the arable land (53%). Some farmers also cultivate both their own land and rented land (as sharecroppers and/or leaseholders) making up 23% of the total.¹⁸⁶ Therefore, it is important to consider also marginal and small farmers, for which entry barriers to obtain financial services are generally higher. Therefore, there is a variety of other financial institutions that play a crucial role in reaching the rural community such as

¹⁸² Source: Dutch Banglabank. (2023). *Annual Report 2023*. [Annual Report 2023.pdf](#)

¹⁸³ Source: Uttara Bank. (2023). *Annual Report 2023*. [Annual Report 2023 Final.pdf](#)

¹⁸⁴ Of the 2.5% rural to total advance, 81.8% is towards non-crops and 18.2% towards crops.

¹⁸⁵ Source: Rahman, S. (2025). *State-owned banks: Too big to fail or just too broken to fix?* The Business Standard. [State-owned banks: Too big to fail or just too broken to fix? | The Business Standard](#)

¹⁸⁶ Source: IFPRI Bangladesh. (2024). *Too many landless, 6% large farmers command one fourth of total land*. [Too many landless, 6% large farmers command one fourth of total land](#)

other (smaller) scheduled banks, non-scheduled banks, MFIs, MFSs (Mobile Financial Services providers) etc with a brief overview below:

6.4.4.1 Palli Karma-Sahayak Foundation (PKSF)

Established by the government in 1990 to alleviate poverty through employment generation, PKSF doesn't have a loan book, but partners with over 200 microfinance institutions (MFIs), selected based on various criteria, and provides them with loanable funds. PKSF's core focus is to financially include micro entrepreneurs and small and marginal farmers, by extending uncollateralized loans through its partner MFIs with loan ticket sizes ranging from BDT 10,000 (USD 82) to BDT 1.5 million (USD 12,275). The organization also collaborates with the ADB, IFAD and the EU on projects aligned with its vision. In addition to financial services, PKSF offers technical assistance to its partner organizations. Among its many initiatives targeting rural communities in Bangladesh are the Rural Microenterprise Transformation Project and Promoting Agricultural Commercialization and Enterprises. One example is a livestock risk mitigation program, where ADB provides finance and PKSF provides technical support—such as veterinary services, vaccinations, and feed advice—to reduce risks and decrease livestock mortality through education and knowledge-sharing. The farmers pay a fee for these services, as PKSF doesn't believe in the effectiveness of providing free services. A similar program for crops is in development, though more challenging to implement due to higher risks related disaster-prone areas, climate change, and soil salinity. While PKSF does not currently offer crop insurance or reinsurance, these are recognized as important components to strengthen farmers' position). PKSF is exploring crop insurance with several insurance companies for the future, but some key enabling factors need to be in place before they can enter into this direction. A major barrier mentioned by PKSF, is the lack of a database on crop farming, which would require government support to develop. Current initiatives of PKSF include the introduction of precision agriculture, climate-smart agri practices, soil health management, and GIS mapping. According to PKSF, blended finance programs—combining grants and loans—have proven effective. Grants serve as catalysts to pilot new concepts and create a Proof of Concept, while loan programs ensure continuity for farmers.

6.4.4.2 Grameen Bank

A non-scheduled specialised bank, founded in 1983 that provides a variety of services to help the bank act on its mission to provide comprehensive financial services to empower the poor to realize their potential and to break out of the vicious cycle of poverty. Grameen Bank has a network covering 94 % of villages in Bangladesh and requires no collateral from its customers. Loans include multiple products specifically tailored to the agricultural sector such as the Crop Loan and Livestock Loan.

6.4.4.3 ASA (Association for Social Advancement)

ASA is an NGO that was founded in 1978 and offers microfinance solutions.

6.4.4.4 BRAC

An NGO/development organization, founded in 1972 in Bangladesh, that operates in multiple developing countries and provides micro finance services. Examples include the Borgachashi Unayyon Project which aims to facilitate access to finance for small-holder tenant farmers who do not own farming lands and the Crop Diversification Project which promotes yield of high-value crops such as fruits, vegetables, spices, condiments, and flowers. BRAC also delivers many other programmes, one of them being the Agriculture, Food Security, and Livelihood Programme working to develop and implement cost-effective, evidence-based, climate-smart programmes on agriculture and food security. BRAC works with farmers to develop their capacity, and promote more productive, nutrient-rich, environmentally sustainable farming systems, link farmer groups to markets and agri-finance products, and help them adapt to climate change.

6.4.4.5 BURO Bangladesh

BURO is an NGO/Microfinance Institution founded in 1990 with its main target audience being poor, very poor and vulnerable customers. Amongst others, the organisation offers agricultural loans to enhance agricultural productivity,

sustainability, and profitability and, doing so, enabling smallholder and marginal farmers to achieve greater yields and income stability.¹⁸⁷

6.4.4.6 TMSS

TMSS is an NGO/ MFO founded in 1964 with a “mission to provide a better life with dignity in the family and society through their capacity building, adaptability, responsiveness, optimum use of their own/available resource, participation in development activities, good governance, and establishment of their legitimate rights on a sustainable footing”.

6.4.5 National Development Banks in Bangladesh

Bangladesh Krishi Bank, a specialised scheduled bank, was established in 1973 with the objective of strengthening rural economy by extending credit support to agricultural and agri-based sectors. The bank’s vision is to provide loan facilities for achieving self-sufficiency in food production and strengthening rural economy. The latest reported figure of total assets stood at BDT 413 billion (USD 3.4 billion) with non-performing assets of BDT 158 billion (USD 1.3 billion). The bank has 15 ATMs and 1,038 branches of which 862 are rural. Products offered include (amongst others): savings accounts; current accounts; fixed deposit accounts; financing in agricultural sector including farming, rice mill, food processing food storage, etc.; financing in fishery sector.; financing in poultry sector; salt project & saw mill financing. Nevertheless, Bangladesh Krishi Bank’s financial health is deteriorating and suffered a net loss of over BDT 23 billion in FY2023-24.¹⁸⁸ The bank faced a BDT 181.9 billion (USD 1.5 billion) capital shortfall at the end of 2024.¹⁸⁹

Rajshahi Krishi Unnayan Bank (RAKUB), a specialised scheduled state-owned bank, was established in 1987 and the bank’s objective is to ensure proper utilization of agricultural possibilities of the north-western region of the country i.e. Rajshahi and Rangpur division. Its vision is developing efficient, inclusive, powerful financial and service system. The latest reported figure of total assets stood at BDT 103.39 billion (USD 850 million). The bank has 383 branches of which 315 are rural. Products offered include: credit; demand deposit; time deposit; and scheme deposit. Credit offerings include those specifically for agricultural purposes such as revolving crops credit, farmer’s credit limit, special motivational refinancing scheme for agricultural sector, agricultural loan at 4% concession rate, agricultural loans medium term general/ green banking. Revolving Crops Credit and Agricultural Loans Medium Term General both charge 8 percent interest whilst Farmer’s Credit Limit charge 9 percent. Concession Rates are also available for the Agricultural Loan and Special Motivational Refinancing Scheme for Agricultural sector at 4 percent.

Both of the state-owned banks, Rajshahi Krishi Unnayan Bank and Bangladesh Krishi Bank, have reached a consensus early 2025 to merge.¹⁹⁰

Bangladesh Development Bank Limited, a specialised scheduled state-owned bank, was established in 2009 and has a vision to emerge as the country’s prime financial institution for supporting private sector industrial and other projects of great significance to the country’s economic development. The latest reported figure of total assets stood at BDT 62.09 billion (USD 510 million) and products offered include development banking, commercial banking, overseas banking, short-and long term loan and SMEs. Bangladesh Development Bank does not have a particular focus on rural areas and agriculture; instead it targets industrial and commercial development in Bangladesh.

¹⁸⁷ Source: BURO Bangladesh. (n.d.). *About BURO*. [About BURO](#)

¹⁸⁸ Source: Kashem, A. (2025). *How sugar corporation’s money mess drags 5 state owned-banks into trouble*. [How sugar corporation’s money mess drags 5 state-owned banks into trouble | The Business Standard](#)

¹⁸⁹ Source: Hasan, M. (2025). *Some banks hit by capital squeeze*. [Bangladesh Banking Sector Crisis 2025 | Some banks hit by capital squeeze](#)

¹⁹⁰ Source: Adnan, H. (n.d.). *RAKUB to merge with BKB*. [RAKUB to merge with BKB | বণিক বার্তা](#)

6.4.6 Key Stakeholders

There are several stakeholder groups apart from commercial and development banks and other financial institutions (such as MFIs), that play a pivotal role in the agricultural finance space in Bangladesh. This includes NGOs, government agencies and research institutions:

Sustainable Agriculture Foundation (SAF) is an NGO that aims to scale up collective action on markets and innovations so that farming can better serve smallholder families, rural communities, and nature focussed on the thematic areas of Climate-Smart Agriculture, Agri-Entrepreneurship, Insurance & Risk Mitigation, Food & Nutrition, Carbon Credit and Seed Systems. As part of these programmes SAF has worked and is working on, amongst others, establishing farmer hubs and acts as an intermediary between stakeholders in the insurance space.

SAJIDA Foundation is an NGO founded in 1993. The NGO provides microfinance services and is active within the Agriculture space with one current project namely the Small & Marginal Sized Farmers Agricultural Productivity Improvement & Diversification Financing Project. The project aims to enhance the agricultural productivity and diversification of small and marginal farmers and to improve cultivation productivity by providing Technical Support Services training on livelihood.

The Bangladesh Agricultural Research Council (BARC) is a governmental research institution that coordinates the country's entire agricultural research effort. The Bangladesh Rural Development Board is the largest government institution for rural development and poverty alleviation.

In addition, also AgTech companies also play a crucial role in the overall development of financial services for rural people such as iFarmer which combines a variety of services such as financing, farm inputs and advisory, insurance, and access to market.

6.4.6.1 Relevant policies & Programmes

The following policies and programmes were identified in the context of Bangladesh:

Agricultural Development and Mechanization

- [Rural Microenterprise Transformation Project](#): An IFAD project implemented by PKSF which aims to strengthen rural microenterprises, to combine financial services with training, market expansion, technology and to promote agricultural best practices amongst other things:
- [National Agricultural Technology Program](#): A World Bank programme that aims to increase the agricultural productivity of smallholder farms and improve smallholder farmers' access to markets in selected districts. Implementing agencies are the Ministry of Agriculture and Ministry of Fisheries and Livestock.
- [National Agricultural Mechanization Policy](#): A policy by the Ministry of Agriculture that, amongst others, aims to encourage the introduction of farmer-friendly agricultural machinery according to the socio-economic status of the farmers, small size of the farm and fragmented land and soil type of the farmers.

Financial Inclusion and Credit Access

- [National Financial Inclusion Strategy of Bangladesh](#) including Financial Literacy Guidelines (Bangladesh Bank): The strategy aims to reach the ultimate goal of social cohesion and stability through ensuring the scope of access and usage of quality financial services for all.
- Agricultural and Rural Credit Policy: A Policy of Bangladesh Bank that mainly aims to create self-employment and reduce poverty through financing the income generating activities and poverty alleviating programme alongside providing credit to the small and marginal farmers including sharecroppers.

Digital and Technological Infrastructure

- [National Internet of Things Strategy Bangladesh](#): A strategy implemented by the government which aims to transform Bangladesh into a technology-based country by ensuring the use of Internet of Things in every sector as an enabler for growth. One goal of the strategy is to develop, incubate and finance IoT products in the areas of agriculture amongst many others.

6.5 Pakistan

6.5.1 Country demographics

Pakistan, officially the Islamic Republic of Pakistan, is a country in South Asia. Pakistan is bounded by India to the east, Afghanistan and Iran to the west, and China to the north. It has a coastline along the Arabian Sea to the south. Pakistan's geopolitical position makes it a key player in South Asia. Its relationship with neighbouring India is marked by historical conflicts, particularly over the Kashmir region. One of the recent concerns for Pakistan was India's threat to suspend the water treaty. The Indus Water Treaty is a water-distribution treaty between India and Pakistan, negotiated by the World Bank in 1960. Three western rivers can be used by Pakistan and the three eastern rivers by India. Pakistan also maintains strategic ties with China, especially through the China-Pakistan Economic Corridor (CPEC), and has a complex relationship with the United States, balancing cooperation and contention. It is the world's fifth-most populous country with a population exceeding 255 million. 35.4% of the population is in the age of 0-14 years, 60.4% is aged 15-64 and only 4.2% ages 65 and above.¹⁹¹

Pakistan was established in 1947 following the partition of British India, which led to significant political and social upheaval. Since its inception, Pakistan has experienced periods of military rule interspersed with democratic governance. Political risk is very high. The military has played a significant role in the country's politics, with several coups d'état occurring over the decades. Pakistan is a federal parliamentary republic. The political climate in Pakistan is often characterized by intense rivalry between major political parties, allegations of corruption, and challenges to democratic processes. The judiciary and media play crucial roles in shaping public opinion and holding the government accountable.

Pakistan faces numerous socio-economic challenges, including poverty, unemployment, and education deficits. Between rich and poor, Pakistan shows moderate inequalities (Gini Index: 30). Security remains a significant concern, with ongoing issues related to terrorism, sectarian violence, and insurgency in certain regions. The military continues to play a pivotal role in addressing these security challenges.

The services sector is the largest contributor to the GDP, accounting for 60% and employs the majority of the workforce. The industry sector contributes 21% to the GDP. Key industries include textiles, cement, steel, and chemicals. Approximately 63% of the population lives in urban areas. The agriculture sector accounts for 19% of the GDP. Major agricultural products include wheat, rice, cotton, and sugarcane. The unemployment rate in Pakistan is around 8%. However, the informal sector also plays a significant role in employment, particularly in rural areas. Insufficient investment in social sectors, especially in health and education, has been inadequate to tackle pervasive poverty and inequality.¹⁹²

GDP growth is projected around 3.5% for 2025. Inflation was record high in 2024 at around 30% due to energy tariffs and wheat shortages which led to consumption led imports, but saw a rapidly declining trend to around 5% due to tighter monetary policy (the policy rate is now around 12%). The country has struggled to develop more sophisticated export goods, and the share of knowledge-intensive exports remains low.¹⁹³

The government regularly intervenes in price setting for agricultural commodities (wheat, cotton), fuel, power and gas, combined with high tariff and non-tariff protection. Despite the significant dispersion in productivity between the

¹⁹¹ Source: World Bank. (2023). *Population, total- Pakistan*. [Population, total - Pakistan | Data](#)

¹⁹² Source: State Bank of Pakistan. (2024). *The State of Pakistan's Economy, Half Year Report, 2023-2024*. [HalfYear-FY24.pdf](#)

¹⁹³ Source: Government of Pakistan Finance Division. (2025). *Pakistan Economic Survey 2024-25*. [| Ministry of Finance | Government of Pakistan |](#)

agricultural and non-agricultural sectors, Pakistan has seen one of the smallest declines in the share of agricultural employment, amongst EMDCs since 1990.

Pakistan ranks 164 in the Human Development Index which places it among the low tier of countries. It lags behind its neighbours like India (134), Iran (70), and China (75) but is ahead of Afghanistan (170). This ranking reflects the socio-economic challenges Pakistan faces, including education, health, and income levels.

Pakistan is one of the country's most vulnerable to climate change. The country is affected by recurring catastrophes, including the unprecedented 2022 floods, which affected an estimated 33 million people and severely damaging agricultural infrastructure. Crops on 4.4 million acres were damaged and around 1 million livestock were lost. The country is facing more and more extreme temperatures. The 2005 Pakistan earthquake was another huge disaster which led to nearly 73,000 deaths and caused damages to over 570,000 houses.¹⁹⁴

	2018	2022	2023
Population (in millions)	266.93	243.70	247.50
Rural population share	63%	62%	62%
GDP per capita (in USD)	1,569.3	1,538	1,365
Share of agriculture in GDP	21.7%	22.3%	23.3%
Share of employment in agriculture	37%	36%	36%
Poverty headcount ratio	4.9%	-	-
Poverty gap ratio	0.6%	-	-
Gini	29.6	30.0	29.6

Table 22: Country demographics of Pakistan (World Bank, 2023)

6.5.2 Financial inclusion

Financial inclusion in Pakistan has been improving, but remains low compared to global standards. According to the World Bank Global Findex database, approximately 21% of adults have an account at a financial institution in 2021. However, The State Bank of Pakistan (SBP) mentioned a sharp rise of the proportion of adults holding a bank account from 16% in 2015 to 64% in 2023. However, SBP has a different definition for inclusion by dividing the total amount of accounts by the adult population, whereas the Global Findex database uses nationally representative surveys. Mobile money accounts are growing, with around 7% of adults having a mobile money account. Only about 16% of adults made or received digital payments in the past year. Recently the central bank, provided 5 digital banking licences to improve inclusion. These banking licences were given to a good mix of players backed by international banks.

There is a significant gender gap in financial inclusion, with men being more likely to have an account than women. Women face significant barriers to financial inclusion, including cultural norms, mobility restrictions, and lower economic participation. As a result, fewer women have bank accounts or access to financial services. The government

¹⁹⁴ Source: State Bank of Pakistan. (2024). *Annual Report 2024*. <https://www.sbp.org.pk/reports/annual/index.htm>

of Pakistan has launched various initiatives to promote financial inclusion among women. For example, the Benazir Income Support Programme (BISP) provides financial assistance to women, aiming to improve their access to financial services. The growth of digital financial services and mobile banking is seen as a potential way to bridge the gender gap in financial inclusion by providing women with easier access to financial services.

Urban regions generally have better access to financial services, including banks, ATMs, and digital financial services. The infrastructure in cities supports a higher density of financial institutions, making it easier for residents to access these services. In contrast, rural areas face significant challenges in accessing financial services. The limited presence of banks and financial institutions, coupled with poor infrastructure, restricts the availability of financial services. Microfinance institutions play a crucial role in these areas, providing essential financial services to rural populations. The adoption of digital financial services, such as mobile banking and online transactions, is higher in urban areas due to better internet connectivity and higher smartphone penetration.

	2022	2023	2024
Adults with an account	21%	22%	23%
Gap between men and women	15%	14%	13%
Use of mobile money account	7%	8%	9%
Borrowing to start, operate, or expand a farm or business	5%	6%	7%
Saving to start, operate, or expand a farm or business	4%	5%	6%
Overall IMF FD index	0.3	0.35	0.4

Table 23: Financial inclusion data of Pakistan (World Bank, FinDev Gateway)

6.5.3 Financial sector characteristics

The financial sector in Pakistan is diverse, with a mix of public and private banks (48), 2 special development banks (Zaraj Taraqiati Bank Limited (ZTBL) and Punjab Provincial Cooperative Bank (PPCB): 11 microfinance banks, 10 microfinance institutions, and also non-banking financial companies such as mobile money shops.

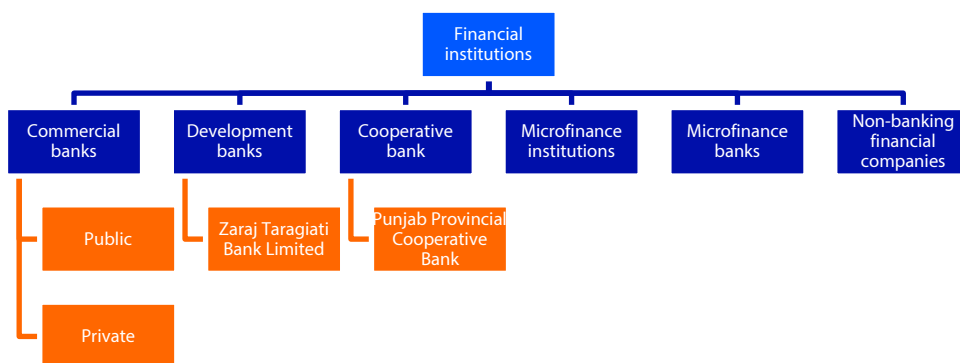


Figure 14: Overview of the (key) financial institutions in Pakistan (Rabo Partnerships, 2025)

6.5.3.1 Banking services

Banking services are provided by more than 14,000 branches and 15,000 ATMs across the country.¹⁹⁵ The microfinance sector is growing. While microfinance banks play a critical role in financing the poorer segments of society, their persistent vulnerabilities and weak business models need to be addressed before they join the deposit insurance scheme. Islamic banking has seen significant growth and development over the past few decades. The reason of this surge is the deposit rate floor imposed on commercial banks. Islamic banking was exempt from this floor, which made the cost of funding very low for Islamic banks. Islamic banking adheres to Sharia law, prohibiting interest (Riba) and ensuring ethical investment practices. Prominent Islamic banks include Al Baraka Bank and Meezan Bank. The SBP is the central bank of Pakistan, which was established in 1948 right after Pakistan became independent.

6.5.3.2 State Bank of Pakistan (SBP)

The SBP is the central bank of Pakistan, which was established in 1948 right after Pakistan became independent. In 1972 an Agricultural Loans Scheme was introduced wherein mandatory targets were given to commercial banks for agricultural lending. Lending was skewed towards corporates with lower risk than farmers. Since 2005 these mandatory targets were changed into indicative targets and starting this year also the indicative targets were abandoned. With the elimination of enforcing targets, SBP is trying to incentivize banks to lend to agriculture by providing extra services to banks such as crop monitoring tools or scoring models for farmers. SBP is collaborating with the government of Pakistan on developing credit models to solve the challenge of farmers having no collateral, and therefore no access to finance. Digitalisation is one of the top priorities of SBP. Different programs are in place to stimulate inclusion for farmers. The most important are Youth Growth Scheme to stimulate lending to young farmers, Import Financing scheme, Insurance scheme for livestock, program for landless farmers affected by the flooding. SBP recently launched the National Financial Inclusion Strategy 2024-2028 (see also chapter 3.3). In addition to working with the government, SBP successfully partnered with ADB, which provides on-lending to commercial banks. Additionally, SBP offers credit guarantees to these banks, enhancing their lending capacity.

NPLs in Pakistan's banking sector rose in FY23 but remained relatively contained in the context of the large economic deceleration. The banking system remains oriented toward providing credit to the government, leaving Pakistan behind its peers in terms of private credit relative to the size of its economy. In part due to investments in government securities with zero risk weights, banks' capital ratios appear healthy and banks remain very profitable and highly liquid.¹⁹⁶

6.5.3.3 Top 6 banks in Pakistan

Historically, Pakistan's banking landscape has been dominated by the five major banks. Islamic Meezan Bank is the relative new joiner challenging the traditional top 5, which is why the top 6 banks are listed.

1. United Bank Limited (UBL)

Established in 1959, is the biggest bank in Pakistan in terms of assets. It boasts a vast network of over 1,360 branches and 1,440 ATMs. UBL's digital banking services cater to over 11 million customers nationwide, making it a key player in the home remittance market and a significant partner in the SBP's Roshan Digital initiative. UBL Ameen Islamic Banking is also expanding with 212 Islamic branches. UBL is majority owned by Bestway Group. Bestway, founded in 1976,

¹⁹⁵ Source: State Bank of Pakistan. (2024). *Annual Report 2024*. <https://www.sbp.org.pk/reports/annual/index.htm>

¹⁹⁶ Source: International Monetary Fund. (2025). *Recent developments*. <https://elibrary.imf.org/view/journals/002/2025/109/article-A001-en.pdf>

operates across various sectors, including wholesale, pharmacy, real estate, cement and banking in the UK, Pakistan, and the Middle East.¹⁹⁷

2. National Bank of Pakistan (NBP)

The second largest bank of Pakistan, established in 1949. Acting as an intermediary for treasury transactions on behalf of the Government of Pakistan and serving as an agent to the SBP. NBP manages a network of 1,503 branches in Pakistan and 16 international branches. More information about NBP you find in Chapter 3.

3. Habib Bank Limited (HBL)

The oldest commercial bank in Pakistan, established in 1941. The bank has the biggest network domestically with 1.705 branches (of which 408 Islamic branches) and 2,300 ATMs, serving around 40 million customers worldwide. HBL was nationalized in 1974 and was privatized again in 2004. By 2015, the Government of Pakistan divested its entire shareholding. The bank has strong market shares in foreign remittances and loans to small industries, traders and farmers.¹⁹⁸

4. Meezan Bank

Pakistan’s largest Islamic bank. It commenced operations in 2002 and is one of the fastest growing financial institutions in the country. The Bank provides a comprehensive range of Islamic banking products and services through a retail banking network of more than 1000 branches and 950 ATMs.¹⁹⁹

5. Allied Bank

Started its operations in 1942 under the name of Australasia Bank and became Allied Bank in 1974. It offers universal banking services with strong focus on retail banking. The Bank has a network of over 1500 branches and 1500+ ATMs in Pakistan of which 300+ rural branches and 160 Islamic branches.²⁰⁰

6. MCB Bank

One of the oldest banks of Pakistan, established in 1947. The bank was nationalized in 1974 and privatized in 1991. MCB Bank's majority shareholder is Nishat group, a diversified business conglomerate with interests in among others textiles, cement, banking, hotels, agriculture and dairy. MCB is also active in Islamic banking. The Bank operates a network of over 1,400 branches and over 1,500 ATMs in Pakistan.²⁰¹

		Total assets PKR (USD) ²⁰²	Number of branches	Number of ATMS	NPL%	% Rural of total advances	Number of employees	Number of Customers
1	United Bank Limited	8,063 billion (28.6 billion)	1,360	1,440	7.4%	5.4%	14,000	11 million
2	National Bank of Pakistan	6,744 billion (23.9 billion)	1,500+	1,450	16.1%	6.9%	15,000	N.A.

¹⁹⁷ Source: UBL. (n.d.). *Financial Statements*. [Financial Statements](#)

¹⁹⁸ Source: HBL. (2024). *HBLPSL A reason to believe in Pakistan 2016-2025*. [HBL Annual Report 2024.pdf](#)

¹⁹⁹ Source: Meezan Bank. (n.d.). *Financial Information*. [Financial Information | Annual Report | Shariah Report | Meezan Bank](#)

²⁰⁰ Source: Allied Bank. (n.d.). *Financial Reports*. [Financial Reports - Allied Bank](#)

²⁰¹ Source: MCB. (n.d.). *Financial Reports*. [MCB Bank Pakistan | Your Ultimate Banking Solution](#)

²⁰² The exchange rate of June 11th 2025 is used throughout this whole section for Pakistan. PKR 1 = USD 0.003541. <https://wise.com/gb/currency-converter/pkr-to-usd-rate?amount=1>

3	Habib Bank Limited	6,055 billion (21,4 billion)	1,700+	2,300+	4.3%	0.7%	20,000	40 million
4	Meezan Bank	3,900 billion (13.8 billion)	1,000+	950	1,6%	9.0%	11,000	N.A.
5	Allied Bank Limited	2,817 billion (10.0 billion)	1510	1,500+	3,4%	3.5%	13,275	N.A.
6	MCB Bank Limited	2,703 billion (9,6 billion)	1,400	1,480	5,0%	0.6%	13,000	7 million
Total top banks in Pakistan		30,282 billion (USD 99,8 billion)	8,470	9,120	6,3%	5,0%	88,725	N.A.

Table 24: Top banks of Pakistan

6.5.4 Agricultural finance

Today, 48 institutions including five major banks, two rural specialized banks (ZTBL & PPCBL), 14 domestic private banks, 11 microfinance banks, five Islamic banks and 15 microfinance institutions are directly providing finance to the agricultural community of Pakistan.²⁰³ Despite the presence of these institutions, there remains a significant gap in agricultural finance, particularly for smallholder farmers. Agricultural GDP growth was 6.4% in 2024.²⁰⁴ Long-standing government interventions in agricultural commodities have created distortions and harmed the sector's productivity. Government price setting and procurement operations have made the agricultural sector unresponsive to changing consumer preferences and exacerbated price volatility and hoarding. The government interference undermined the incentives for innovation and resulted in misallocation of resources. In 2023 and 2024 the government announced minimum support prices for wheat and rice which resulted in record wheat and rice harvests. Enhanced credit disbursement under *Kissan Package* further supported crop production during 2024.

The credit is highly concentrated in crop sector (production loans), which is around 75% of the agricultural credit disbursement. There is an uneven geographical distribution with more than 80% of the credit going to the province of Punjab which is the agricultural heartland and where more than half of the population live. There is a huge difference between provinces in terms of accessibility to finance. Agri credit accounts for only 6% of the credit portfolio of commercial banks. As a result, there is lack of ownership and commitment among the banks' management and non-availability of innovative lending products. Smallholder farmers often struggle to access formal credit due to lack of collateral (no guarantees or no land titles available), high interest rates, and stringent lending requirements. This limits their ability to invest in quality inputs, technology, and infrastructure. Additionally, the availability and affordability of essential inputs like fertilizers and quality seeds are inconsistent. Fertilizer prices are frequently subject to fluctuations, making it difficult for farmers to plan their crops effectively. Water scarcity, inefficient irrigation systems, and a lack of investment in research and development further exacerbate the problems, leaving the sector vulnerable to both domestic and global market pressures. While microfinance institutions are growing, they still do not fully meet the financial needs of smallholder farmers, particularly in remote areas.

²⁰³ Source: State Bank of Pakistan. (n.d.). *Annual Reports*. [State Bank of Pakistan](#)

²⁰⁴ Source: Pakistan Bureau of Statistics. (n.d.). *Agriculture Statistics*. [Agriculture Statistics | Pakistan Bureau of Statistics](#)

6.5.5 Types & Roles of NDBs

National Bank of Pakistan (NBP) is the second largest bank of Pakistan, established in 1949. Acting as an intermediary for treasury transactions on behalf of the Government of Pakistan and serving as an agent to the SBP, NBP manages a network of 1,503 branches and 1,400+ ATMs in Pakistan and 16 international branches. The bank has the largest rural network with 750+ rural branches, also in remote areas where other banks are not present. The rural share of the portfolio is limited at 7%, but compared to the other big commercial banks, NBP still has leading position in agricultural finance. The bank has faced significant criticism and operational challenges in recent years, such as digital infrastructure failures, governance and leadership issues and retired NBP employees facing delayed pension payments. NBP could be characterized as bureaucratic, which is also evidenced by the limited rural portfolio despite the continued focus on this sector and the relatively high NPLs. More than 20% of NPL stock is related to agriculture. Rural credit is more focused towards bigger rural companies, infrastructure and government projects. The bank's product range is decent but does not match the smallholders farmers' specific lending needs. Compared to the big commercial bank, NBP is a slow mover, bureaucratic and low on technology. NBP is active in Islamic Banking with 207 branches. With PKR 6.7 trillion (USD 24 bn) of assets, NBP is representing approx. 14% of total banking industry assets. With a common Tier 1 equity ratio of 20.5% the bank is well capitalised, also compared to its national peers. NBP is majority owned by the Government through the SBP holding 75% of total shares. Agricultural loans increased by 18% in 2024 reaching more than PKR 100bn (USD 356 million) in total. Strategic focus is to expand financial inclusion particularly in SME, microfinance and agriculture, supporting government led subsidized schemes, strengthening Islamic Banking and enhance digital transformation. The NPL ratio is at 16.1% significantly higher than with other commercial banks. The NPL coverage ratio is 84%. Total advances did not grow in 2024 also due to the high policy rate.²⁰⁵

ZTBL is a government owned bank primarily focused on agricultural finance. With an assets base of PKR 562bn (USD 2bn), it provides loans to farmers and agribusinesses, played an important role in supporting the governmental programs for the agricultural sector in Pakistan. The bank also provides loans to agricultural communities/small holder farmers. Its product range includes several lending products related to different government schemes focused on crop production, specific sector development, inclusion programs for youth and women, etc. The bank has a network of around 500 branches and is serving around 600,000 farmers including Islamic Banking services. NPLs are very high at around 30%. The government announced a restructuring of the bank and want to privatize the bank by December 2025, The uncertainty due to ZTBL's complicated privatization exercise is hampering recovery efforts of the NPL portfolio. New hiring and procurement including IT systems, treasury upgrades, and infrastructure have been halted due to the restructuring.

PPCBL: Punjab Provincial Cooperative Bank: (1924) has 150 branches concentrated in the province of Punjab. Next to ZTBL, PPCBL is the other specialised rural development bank of Pakistan. PPCBL is financing the farmer through PACS (Primary Agriculture Credit Society) which are cooperatives at the village level. It also caters the need of housing. It's a small bank with total assets of PKR 35 bn (USD 135 million). Like the other state-owned banks, PPCBL was known for its bureaucracy, high delinquencies and long approval periods. Since 2022 a restructuring took place and the bank managed to become profitable again and decrease its NPLs. NPLs are now at around 6%.²⁰⁶

²⁰⁵ Source: National Bank of Pakistan. (n.d.). *Financial Statements*. [Financial Statements - NBP](#)

²⁰⁶ Source: The Punjab Provincial Cooperative Bank Ltd. (n.d.). *Financial Statements*. [Financial Statements](#)

6.5.6 Stakeholder mapping

NBP works with a diverse range of stakeholders across various sectors to fulfil its mission of financial inclusion, national development, and sustainable banking. The key stakeholder groups that NBP engages with are illustrated below, based on the following guiding principles:^{207 208}

- High influence, high interest → collaborate
- High influence, low interest → involve
- Low influence, high interest → consult
- Low influence, low interest → inform

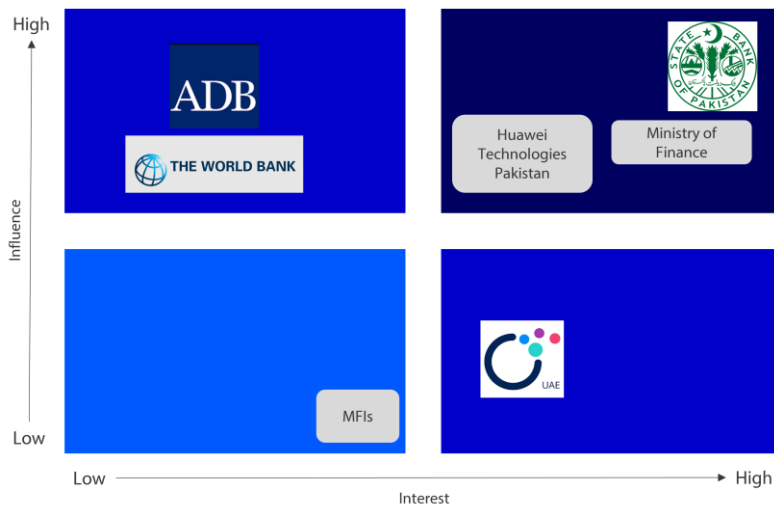


Figure 21: Stakeholder mapping for NBP (Rabo Partnerships, 2025)

6.5.6.1 Government ministries and agencies

As a state-owned bank, NBP works closely with the State Bank of Pakistan. In addition to SBP acting as NBP’s supervisor, the two institutions work on joint initiatives, such as the Roshan Digital Account (RDA) which aims to provide digital banking services to non-residential Pakistanis.²⁰⁹ SBP encourages NBP to adopt digital banking solutions and fintech collaborations.²¹⁰ NBP also participates in SBP’s regulatory sandbox and payment system modernization initiatives.²¹¹ In addition to SBP, NBP closely partners with the Ministry of Finance, where NBP acts as a treasury bank for government transactions and development programs.²¹²

²⁰⁷ Influence on scope and focus of NBP.

²⁰⁸ Interest in the success and focus of NBP.

²⁰⁹ Source: [roshan digital account](#)

²¹⁰ Source: Roundtable, 28 May 2025

²¹¹ Source: <https://www.sbp.org.pk/spd/Strategic.pdf>

²¹² Source: <https://www.nbp.com.pk/FinancialStatements/Annual-Financial-Statements-2023.pdf>

6.5.6.2 *Financial institutions*

As a first-tier bank, NBP typically has limited direct engagement with other financial institutions. However, as outlined in Chapter 2 of this report, NBP has adopted a wholesale lending model.²¹³ This approach allows NBP to extend funding to MFIs, which are better positioned to serve rural and underserved markets.

6.5.6.3 *International organisations*

NBP does not have direct collaborations with international organisations, but is involved through the government and SBP. For instance, in June 2025, ADB signed an USD 350 million agreement with the Government of Pakistan for the Women Inclusive Finance Sector Development Programme.²¹⁴ NBP is expected to be one of the key implementing banks, channelling funds to women-led businesses. On a similar note, earlier this year, the World Bank launched an USD 20 billion Country Partnership Framework (CPF) for Pakistan. Among its key pillars is financial inclusion, an area where NBP is anticipated to play a supportive and enabling role.

6.5.6.4 *Innovative – tech-driven - organisations*

As mentioned, SBP stimulates NBP to focus on developing digital solutions. An example of this is the recent MoU signing between NBP and Huawei Technologies Pakistan, expressing the intent to develop a state-of-the-art National Cloud Data Centre.²¹⁵ NBP actively engages with fintech companies and has highlighted fintech partnerships as a key component of its innovation strategy. In 2024, it formed a strategic alliance with myZoi, a UAE-based fintech focused on financial inclusion, to facilitate cross-border financial services and enhance remittance capabilities through myZoi's digital platform.²¹⁶ However, none of NBP's current digital solutions or fintech collaborations are directed toward the agriculture sector, underscoring the bank's limited mandate in serving agricultural finance.

6.6 Mexico

6.6.1 Country demographics and rural context

Mexico is a geographically and culturally diverse country. With approximately 129 million inhabitants, it is world's 10th most populous country, and the 14th largest by land area at nearly 2 million km² (World Bank, 2023). Administratively, Mexico is a federal republic of 32 states. While major urban centres such as Mexico City, Guadalajara, and Monterrey drive much of the country's economic activity, a large share of Mexico's territory but significant minority (18%) of its population are rural.²¹⁷

Rural Mexico faces higher levels of poverty and lower access to services compared to urban areas. According to the National Council for the Evaluation of Social Development Policy (CONEVAL), the national poverty rate was 36.3% in 2022, but in rural areas it was around 50.4%. Many rural inhabitants rely on small-scale farming and informal livelihoods. Notably, Mexico's ejido system – communal land tenure established after the early 20th-century agrarian reforms – remains prevalent: over half of rural producers operate on communal or ejido lands. While the ejido framework provides

²¹³ Source: Roundtable, 28 May 2025

²¹⁴ Source: <https://www.adb.org/news/adb-announces-350-million-pakistan-boost-role-women-economy>

²¹⁵ Source: [NBP Partners with Huawei to Establish National Cloud Data Center.pdf](#)

²¹⁶ Source: [National Bank of Pakistan and myZoi to enable financial inclusion.pdf](#)

²¹⁷ Source: World Bank. (2023)

social ownership of land, it typically cannot be used as collateral for loans, which poses a structural barrier to credit access.²¹⁸

Agriculture is a vital part of rural livelihoods and food security. The agricultural sector (including crops, livestock, fisheries, and forestry) contributes 3.8% of Mexico’s GDP and employs around 12% of the workforce, but its importance is much higher in rural regions.²¹⁹ Over 2.6 – 3 millions of smallholder farmers cultivate staples like maize, beans, and wheat, as well as cash crops (coffee, sugar cane, fruits and vegetables) and engage in livestock rearing. Mexico’s food systems are dualistic – a mix of large commercial agribusinesses alongside small and subsistence farms. The latter often have low productivity due to lack of capital, technology and extension services. Climate change is exacerbating rural vulnerabilities, as seen in more frequent droughts in northern Mexico and hurricanes in coastal areas impacting harvests.

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Total Population (#)	Rural population (%)	GDP (USD)	Agriculture as % of total GDP	Agriculture as % of total employment	Agricultural produce by smallholders (%)
129 million	18	1.79 trillion	3.8	12	15

Table 25: Summary of key demographics (World Bank, 2023)

6.6.2 Financial inclusion

Despite overall improvements in financial inclusion in Mexico over the past decade, rural areas continue to lag behind urban centres on most metrics of access and usage of formal financial services. According to the National Survey of Financial Inclusion 2021, 56.7 million Mexican adults (18–70 years old) had at least one financial product (account, credit, insurance, or pension) – representing about 68% of the adult population.^{221 222} However, this inclusion is not evenly distributed. While about 67% of adults in urban areas have a bank account, the figure drops to only 47% in rural areas.^{223 224} As of 2017, fully half of Mexico’s 2,458 municipalities had no bank branch at all, and 31% had no banking agents or ATMs either.²²⁵ Although the expansion of banking agents (corresponsales bancarios) in retailers like convenience stores has extended some services to previously unbanked towns, many remote villages still lack any on-site financial service point. Rural clients thus often incur high time and travel costs to use banking services, or rely on informal mechanisms.

A pronounced gender gap compounds the rural financial inclusion challenge. In rural Mexico, only about 40% of women have access to formal financial services, compared to 54% of men.²²⁶ Traditional gender roles, legal barriers (in the past), and lower ownership of assets among women help explain this gap.

²¹⁸ Source: Ran. (2021)

²¹⁹ Source: INEGI. (2022). *Censo Agropecuario*. <https://www.inegi.org.mx/programas/ca/2022/>

²²⁰ Source: García Araneda. (2025)

²²¹ Source: ENIF. (2021)

²²² Source: CNBV. (n.d.). *Banca Múltiple*. <https://portafolioinfo.cnbv.gob.mx/Paginas/Contenidos.aspx?ID=40&Titulo=Banca%20M%C3%BAltiple>

²²³ Source: ENIF. (2021)

²²⁴ Source: CNBV. (2022).

²²⁵ Source: Bansefi. (2017)

²²⁶ Source: ENIF. (2021)

Credit access is one of the weakest aspects of inclusion in rural areas. According to ENIF 2021, only 18% of rural adults reported borrowing from a formal financial institution in the past year, compared to around 30% in urban areas.^{227,228} Most rural credit, if obtained, is for short-term needs or emergencies. Longer-term investment credit for agriculture is rarer. Small farmers tend to rely on informal lenders or value-chain credit (e.g. advances from buyers or input suppliers) if they cannot obtain bank loans. High interest rates and collateral requirements are major hurdles – interest rates for unsecured microloans in Mexico often range from 30% to over 80% APR, reflecting high administrative costs and risk premiums.²²⁹

Looking at insurances, only an estimated 6–7% of smallholder farmers have any form of agricultural insurance, leaving the vast majority exposed to crop losses from droughts, floods or pests.²³⁰ The federal government’s catastrophic insurance program CADENA provides some protection for subsistence farmers (through indexed disaster payouts), but covers limited perils and does not compensate individual losses.²³¹ Private crop insurance uptake is under 10% among small producers, owing to product complexity, lack of awareness, and mistrust.²³² The absence of insurance further discourages banks from lending in the sector, as they have little to hedge against systemic climate risks.

6.6.3 Financial sector characteristics

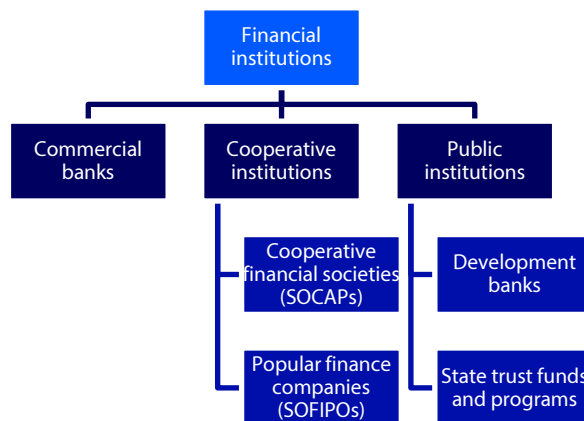


Figure 15: Overview of key financial institutions in Mexico (Rabo Partnerships, 2025)

Mexico’s financial sector is relatively well-developed in urban areas, with a mix of large global banks and domestic institutions, but it has historically struggled to serve rural and low-income segments. Commercial banking in Mexico is dominated by a handful of large banks (Bancomer/BBVA, Banamex/Citi, Banorte, Santander, HSBC, Scotiabank) which together hold the majority of assets. These banks concentrate their branches and lending in cities and larger towns, focusing on corporate, consumer, and mortgage lending. Only a small fraction of their portfolios (typically less than 5%) is dedicated to agriculture or small rural enterprises.²³³ High perceived risks and costs make big banks cautious with small farmers; many lack specialized products for seasonal agriculture or the staff expertise to appraise such loans. As a result,

²²⁷ Source: ENIF. (2021)

²²⁸ Source: CNBV. (2022)

²²⁹Source: IFC. (2019)

²³⁰ Source: World Bank. (2020)

²³¹ Source: World Bank. (2019)

²³² Source: OECD. (2019)

²³³ Source: CNBV. (2023)

credit is highly unequal geographically – credit-to-GDP ratios in prosperous states like Nuevo León or Mexico City exceed 50%, whereas in poorer, agriculture-heavy states like Chiapas or Oaxaca it can be in single digits.²³⁴

Given this gap, alternative financial intermediaries play a critical role in rural areas. One important group are the cooperative financial societies (SOCAPs) and popular finance companies (SOFIPOs), which are part of the regulated popular finance sector. These member-based institutions typically operate in specific regions or communities, providing savings accounts and small loans. SOCAPs, for example, often evolved from local savings clubs (cajas populares) and are culturally attuned to the communities they serve. They have helped inculcate financial habits – many rural savers entrust their money to a local caja rather than a distant bank. SOCAP lending is usually relationship-based and less rigid on collateral, benefiting those with informal incomes. However, challenges include limited capital (many SOCAPs have thin equity and depend on wholesale funds to grow their portfolio), issues of professional management and governance, and in some cases lack of technology (many are only beginning to implement mobile banking or data analytics).

Agricultural finance in Mexico remains a small, specialized portion of the overall financial sector. By late 2023, loans to agriculture, forestry, and fishing constituted less than 4% of total bank lending nationwide.²³⁵ By late 2023, loans to agriculture, forestry and fishing made up about 4% of total bank lending nationwide, roughly in line with the sector’s ~3.8% contribution to GDP. However, agriculture employs over 12% of Mexico’s workforce, so its credit share remains low relative to its labour force importance. This suggests an ongoing gap in financial inclusion for rural producers, as formal credit has not reached many who depend on agriculture for their livelihood.

Institution	Type	Loan Portfolio MXN (USD) ²³⁶	% Portfolio in Agriculture	Focus
BBVA México	Commercial bank	MXN 1.25 trillion (USD 65.73 billion)	3–4%	Retail and corporate lending
Citibanamex	Commercial bank	MXN 620 billion (USD 32.60 billion)	2–3%	Retail
Banorte	Commercial bank	MXN 700 billion (USD 36.81 billion)	2–3%	Commercial
Santander México	Commercial bank	MXN 660 billion (USD 34.70 billion)	2%	Commercial
HSBC México	Commercial bank	MXN 400 billion (USD 21.03 billion)	2%	Urban, corporate, and international segments
Scotiabank México	Commercial bank	MXN 320 billion (USD 16.83 billion)	2%	Commercial and mortgage sectors
Inbursa	Commercial bank	MXN 240 billion (USD 12.62 billion)	2%	Investment, insurance

²³⁴ Source: CNBV. (2022)

²³⁵ Source: CNBV. (2023)

²³⁶ The exchange rate of June 11th 2025 is used throughout this whole section for Mexico. MXN 1 = USD 0.05258. [1 Mexican peso to US dollars Exchange Rate. Convert MXN/USD - Wise](#)

Banca Mifel	Commercial bank	MXN 75 billion (USD 3.94 billion)	1–2%	Retail and corporate, SME
Banco del Bienestar	Public social bank	MXN 80 billion (USD 4.21 billion)	1%	Accessible financial services to underserved populations,
FIRA	Second-tier development bank	MXN 460 billion ²³⁷ (USD 24.19 billion)	68%	Largest agri financier; operates through banks and co-ops; not a retail lender.

Table 26: Overview of Mexican financial institutions and their characteristics (Rabo Partnerships, 2025)

6.6.4 NDB landscape in Mexico

Mexico has a diverse array of NDBs and public trust funds that address various sectors of the economy. Collectively, these institutions are tasked with filling market gaps left by commercial banks, providing long-term financing, and furthering government policy objectives such as financial inclusion. Broadly, Mexico’s NDBs fall into two categories: second-tier banks that lend indirectly (through other intermediaries) and first-tier banks that lend directly to borrowers.

Various NDBs in the country play a role in rural development. Until recently, Mexico had a first-tier agricultural development bank called “Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero” (FND). FND provided direct (subsidised) credit to farmers and rural businesses, maintaining branch offices in rural areas. However, it suffered from high default rates and political interference in lending. In 2021-2022, the federal government decided to wind down FND as part of a policy shift. FND’s closure left a notable gap, as it had been lending around MXN 32 billion (USD 1.68 billion) annually, mostly to small producers.

Additionally, Banco del Bienestar is a government savings bank originally created to foster savings among low-income populations and to serve as a distribution channel for government benefit payments. It does not specialise in agriculture, but its mandate of financial inclusion means it is involved in providing accounts and payment services in rural communities. While Banco del Bienestar could in theory evolve into a rural lending institution, as of 2024 its focus remains on payments and basic accounts. The bank typically partners with FIRA or commercial banks rather than competing in agricultural credit.

Other relevant NDBs include: Nacional Financiera (NAFIN), a development bank oriented toward industry and SMEs, which sometimes runs programs for rural microenterprises or agri-industrial value chains; Bancomext, the export-import bank, which supports agri-exporters via trade finance; and Banobras, the infrastructure bank, which finances rural infrastructure such as roads, water systems, or rural solar projects that indirectly benefit rural communities.

While all of the mentioned NDBs focus on rural development, Mexico has only one NDB with a strong focus on the agriculture sector, named FIRA. The next section elaborates on this institution.

6.6.4.1 FIRA

FIRA’s mission is to promote and consolidate an inclusive, sustainable, and productive agri-food and rural sector. They do this by providing credit, guarantees, training and technology transfer to the agriculture, livestock, forestry, fishing, and agribusiness sectors.²³⁸ As a second-tier lender, FIRA raises resources through government contributions, bond

²³⁷ Disbursed via FEFA

²³⁸ Source: FIRA. (n.d.). *Mission*. <https://www.fira.gob.mx/Nd/VisionMisionValores.jsp>.

issuances, and capital market programs, and channels them as refinancing lines or guarantees to financial intermediaries. These intermediaries on-lend the resources to the end beneficiaries.

FIRA was established in 1954 and is constituted by four public trust funds: FONDO (1954), FEFA (1965), FEGA (1972), and FOPESCA (1989), each created to support different segments including agriculture, agro-industry, technical assistance/guarantees, fisheries, respectively. These trusts are all administered by the Central Bank of Mexico (Banco de México) as trustee, with funding and oversight from the federal government. The Ministry of Finance (SHCP) is the settlor. Although FIRA’s trusts have their own equity, they operate under a single administration and brand, effectively functioning as one institution.

The important roles of Banxico and SHCP are also reflected in FIRA’s governance structure. The highest decision making body is the Technical Committee, which defines the strategic priorities and corresponding budgets. This committee includes representatives of Banxico, SHCP, and the Secretariat of Agriculture and Rural Development (SADER). The Technical Committee (headed by Banxico) appoints the General Directorate, which is responsible for executing the institution’s strategy and managing operations. This is divided into dedicated arms for internal control and oversight, and regional and sectoral coordination. Thanks to this structure and the large influence of Banxico, who prioritises sound operations and monetary stability, FIRA’s leadership is more technocratic and stable than that of most other NDBs.

To date, out of FIRA’s total outstanding credit of MXN 155.5 billion (USD 8.18 billion), 75% is destined to the agricultural sector.²³⁹ With this, the institution is responsible for 68.4% of all agricultural lending in Mexico, which is provided through a total of 151 intermediaries.²⁴⁰



Figure 16: Overview of FIRA's activities (FIRA, 2024)

6.6.4.2 Product and service offering

In its portfolio, FIRA aims to have an equal distribution between short- and long-term loans. This is partly to address market needs. Traditionally, most agricultural lending in Mexico has been short-term working capital. So, FIRA is actively

²³⁹ Source: FIRA. (2024). *Informe Actividades*. www.fira.gob.mx

²⁴⁰ Source: Banxico-SIE and FIRA-EBIS, 2024.

promoting more long-term financing to spur capital investment and productivity gains in the rural sector. At the same time, a 50/50 balance helps FIRA align its asset mix with its funding structure. FIRA raises funds through both short- and long-term instruments, and maintaining an even split between short- and long tenors in its loan book helps match these liabilities.

As mentioned in the introduction, FIRA has leveraged capital-market instruments to raise funding beyond its government budget allocations. In 2024, FIRA (through its trust fund FEFA) issued Mexico’s first Blue Bond, raising MXN 4.5 billion (USD 236.1 million) to finance sustainable fisheries and aquaculture projects. Earlier, FIRA issued a Social Gender Bond during the COVID-19 pandemic to expand credit for women in rural industries. By issuing green, blue, and gender-focused bonds under its capital market programs, FIRA broadens its investor base and mobilises private funds for agriculture, something not seen in most other NDBs.

The table below provides a global overview of products as offered by FIRA.

Product	Description	% in portfolio
Working capital (short-term credit)	For the purchase of inputs, raw materials and materials, payment of wages, salaries and other direct production expenses	56.4
Investment capital (long-term credit)	For the purchase of machinery, infrastructure, or specialized vehicles. Up to 15 years tenors.	42.4
Marketing capital	Liquidity for inventories of raw materials, products in process or finished products.	1.2

Table 27: Key products offered by FIRA (FIRA, 2024)

Additionally to these key products, FIRA offers guarantee funds; offers financial incentives related to environmental friendly practices; and provides sector-specialised information and analysis to its clients, amongst others.

The guarantee fund is called FEGA, being one of FIRA’s trust funds. This fund provides partial credit guarantees to banks and intermediaries for loans to small producers. These guarantees, often covering 30-70% of the loan principal, help reduce the lender’s risk and capital requirement, making it more attractive to lend to riskier clients. The coverage levels vary by program and loan risk, and is agreed upon when the guarantee is contracted. The guarantee service is contracted by the financial intermediary (not the borrower), who also pays the guarantee fee. However, in some cases the cost may indirectly be passed on in the loan pricing. While the fee varies, it is often a few percentage points per annum or less, therefore being much lower than the loan interest rates which are typical above 10%. In past programs aimed at small producers, the Ministry of Agriculture even subsidised the guarantee fee on behalf of the intermediary to encourage use of the service.

Collaborating with SADER, there have been schemes where SADER identifies target farmer groups and FIRA channels credit to them through banks, blending loans with grants. This is done via special programs rather than as part of FIRA’s standard loan products. In practice, FIRA acts as an operator of government support programs that complement credit with non-reimbursable funds. For example, SADER may provide direct subsidy, interest-rate bonus, or guarantee funds for certain target groups, while FIRA channels the complementary loan portion through its network of financial intermediaries. These blended schemes are structured with specific rules, often defined in SADER’s operating guidelines and executed via FIRA trusts. The grant component typically covers a portion of the project cost or acts as a first-loss buffer, thereby de-risking the loan. An illustrative case is the “Crédito Ganadero a la Palabra” program, where FIRA administered subsidised livestock loans bundled with government-provided cattle. Here the government’s in-kind grant reduced the loan principal farmers had to repay.

The “Sustenta+” program launches in 2025 and aims to reduce the use of chemical fertilizers by up to 30%, by promoting the use of biofertilizers and reducing chemical inputs. Concretely, FIRA gives financial incentives to producers with which they can purchase biological inputs at no extra costs.

In parallel, FIRA is launching the “AGRITECH” platform. With this platform, FIRA aims to connect supply and demand through a digital market place where producers and potential buyers are united. The platform also offers other innovative solutions that can strengthen the agricultural sector, such as remote sensing data, weather- and climate data, market information, and technical assistance for producers. While the platform will start with a focus on Mexico, FIRA expressed the ambition to further expand it throughout Latin America.

Moreover, the “Programa de Desarrollo de Proveedores” (program for development of producers) aims to link small producers with agribusiness through sales contracts, and ultimately lead to stronger, more integrated, supply chains. FIRA supports the program through both financial services (funding and guarantees) as well as technical support to small producers.

6.6.5 Stakeholder mapping

FIRA operates in a wide stakeholder field of both private and public actors. For the continuation of this program, we mapped the various stakeholders according to both their interest and influence, in order to determine to what extent we should involve them going forward. Generally, we follow the following principle:^{241 242}

- High influence, high interest → collaborate
- High influence, low interest → involve
- Low influence, high interest → consult
- Low influence, low interest → inform



Figure 17: Stakeholder mapping for FIRA (Rabo Partnerships, 2025)

6.6.5.1 Government ministries and agencies

Being essentially public funds, FIRA works in alignment with government policy bodies. As mentioned, the SHCP, Ministry of Agriculture (SADER), and Central Bank (Banxico) have a formal role in FIRA’s technical committee.

²⁴¹ Influence on scope and focus of FIRA.

²⁴² Interest in the focus and success of FIRA.

Additionally, FIRA often partners with SADER in initiatives to support farmers. For instance, SADER's subsidy programs (like the fertilizer subsidy or the guaranteed prices program for corn, beans, wheat, rice, and milk) rely on credit from FIRA to amplify their impact; SADER may fund the interest rate subsidy portion while FIRA provides the credit mechanism. There have been collaborative schemes where SADER identifies target farmer groups and FIRA channels credit to them through banks, blending loans with grants.

6.6.5.2 Intermediary financial institutions

FIRA works with 151 financial intermediaries, consisting of 39 cooperatives, 6 "SOFIPOs" (Popular financial societies), 8 credit unions, 73 "Sofomes" (Multi-purpose financial companies) and 25 banks. These intermediaries on-lend FIRA's resources to the end beneficiaries. Major commercial banks like BBVA or Banorte tap FIRA's rediscount lines to fund part of their agricultural loan portfolios, especially when targeting smaller producers or special programs where FIRA offers interest subsidies or partial guarantees. Regional banks and community banks are also important players – for example, Banco del Bajío and Banco Azteca have been active in agri-lending with FIRA support. On the non-bank side, numerous SOCAPs (such as ACIPAC in Chiapas or Caja Popular Mexicana nationwide) borrow from FIRA to on-lend to their members for farming and livestock activities.

These intermediaries benefit from FIRA's lower-cost funding and credit guarantees that reduce their risk exposure. In return, they are expected to follow guidelines on target beneficiaries and use FIRA's technical support to improve loan appraisal and monitoring. A challenge is ensuring that a wide range of intermediaries participates – in some remote or high-poverty regions, there may be few capable financial institutions to partner with. FIRA has addressed this by also engaging state-level trusts and agencies as intermediaries where needed (for example, some state governments run small trust funds for local farmers and work with FIRA).

6.6.5.3 International organisations

FIRA collaborates with several international organizations to enhance its initiatives and support the agricultural sector in Mexico. Among the key organizations is the Inter-American Development Bank (IDB), which has supported FIRA in various initiatives, including the issuance of green bonds aimed at promoting sustainable agricultural practices and mitigating climate change. Additionally, the European Union Latin America Investment Facility (EU-LAIF) has engaged with FIRA to fund innovative projects that aim to combat climate change in agriculture. This partnership focuses on implementing sustainable strategies and financing projects that reduce the environmental impact of agricultural activities.

6.6.5.4 Social organisations

The CNA (Consejo Nacional Agropecuario) is an industry association of agricultural producers and agribusinesses. While they do not have a formal place in FIRA's governance, they interact with FIRA to convey the sector's financing needs and to jointly develop solutions. For example, CNA and FIRA have discussed ways to improve credit for small producers in value chains; recently, FIRA in conjunction with CNA launched a digital platform to gather farm production cost data (Agrocostos) to better tailor credit evaluations. Farmer associations and cooperatives (e.g., coffee producer unions, sugar cane grower associations, etc.) also act as intermediaries or facilitators. FIRA sometimes extends credit through anchor companies or associations who then on-lend or distribute to individual farmers – this is a form of value-chain finance that leverages producer groups. Such stakeholders help with borrower aggregation and ensure loans are used for intended productive purposes.

6.7 Colombia

6.7.1 Country demographics

Colombia, officially the Republic of Colombia, is a country in the north of South America, with territories in North America. Colombia's geography is marked by its diverse landscapes, including the Andes mountains, tropical rainforests, and vast plains. Agricultural land constitutes approximately 39.5% of Colombia's total land area, with portions dedicated

to pastures and meadows. The fertile elevated regions are primarily used for cultivating coffee, flowers, bananas, and sugar products, which are key agricultural exports. The share of GDP represented by Agriculture, forestry and fishing is of 8.7%. Comparable countries in the region have a lower share of agriculture in GDP: 6.2% in Brazil, 7.7% in Ecuador, 7.2% in Peru, 5% in Venezuela and 3.8% in Mexico (2023).²⁴³

The country has a total population of 52.3 million people (2024) on a surface of 1,141,749 km². 21% of the total is in the age of 0-14 years, 69% in the age of 15-64 – of which 15.6% is from 15-24 years and only 10% ages 65 and above. The share of population living in rural areas is comparable to other LAC countries, and is declining quite fast – the last data is from 2023 and is 17.6%.²⁴⁴

With a GDP per capita of USD 6,950, Colombia has significant potential to boost GDP growth by increasing productivity, diversifying exports, and addressing infrastructure gaps, educational outcomes, and institutional strength.

Colombia's economy is characterized by a diverse mix of sectors, with the services sector being the largest contributor to the country's GDP. The services sector is the largest contributor, accounting for about 56.9% of the GDP, which includes financial services, insurance, real estate, business services, community services, trade, and transportation. The industry sector contributes about 24.55% to the GDP, which includes manufacturing, mining, and quarrying. Finally the agriculture sector accounts for approximately 8.72% of Colombia's GDP. The major agricultural products include coffee, bananas, cut flowers, and palm oil.²⁴⁵ The rate of GDP per sector is reflected in the employment rates, with 65% of the total employed population working in services, 20.3% working in the industry and 14.6% working in agriculture.

When it comes to income inequalities, the Gini index for 2022 was 54.8, showing large inequalities between rich and poor. In 2022 the poverty headcount ratio at national poverty line was 36.6%.²⁴⁶

In 2023, Colombia ranked 83rd in the Human Development Index, placed among the High Human Development Countries. Colombia's performance is comparable to that of its neighbouring countries: Brazil (84), Ecuador (88), Peru (79), and Venezuela (121).²⁴⁷

Population	Rural population share	GDP per capita (USD)	Share of agriculture in GDP	Poverty headcount ratio	Poverty gap ratio	Gini
52,321,152	17.6%	6,947	8.7%	14%*	14%*	6%*

Table 28: Key demographics for Colombia (World Bank, 2022)

6.7.2 Financial inclusion²⁴⁸

Despite progress in financial inclusion in Colombia over the past decade, rural areas continue to lag behind urban centres in both access to and usage of formal financial services. According to the 2023 Financial Inclusion Report by Banca de las Oportunidades, 94.6% of Colombian adults had at least one financial product – including savings, credit, insurance, or pensions – reflecting a steady increase in access. However, this access is unevenly distributed. While over 100% of adults in urban agglomerations are reported to have access (due to multiple accounts), the figure drops to just

²⁴³ Source: World Bank. (2023). *Agriculture, forestry, and fishing, value added*. [Agriculture, forestry, and fishing, value added \(% of GDP\) - Colombia | Data](#)

²⁴⁴ Source: United Nations Population Fund. (n.d.). *World Population Dashboard*. [World Population Dashboard - Colombia | United Nations Population Fund](#)

²⁴⁵ Source: World Bank. (n.d.). *Services, value added*. [Services, value added \(% of GDP\) - Colombia | Data](#)

²⁴⁶ Source: The Global Economy. (n.d.). *Colombia Gini inequality index*. [Colombia Gini inequality index - data, chart | TheGlobalEconomy.com](#)

²⁴⁷ Source: United Nations Development Programme. (2025). *Human Development Index Colombia*. [Specific country data | Human Development Reports](#)

²⁴⁸ Source: Reporte de Inclusion Financiera. (2023). *Banca de las Oportunidades*. [Reporte de Inclusión Financiera 2023_2.pdf](#)

56.7% in dispersed rural areas. Usage follows a similar pattern: 82% of adults nationally use at least one financial product, but this rate declines in rural zones. Although mobile banking and digital wallets have expanded, many remote communities still lack physical access points such as bank branches or ATMs, and rely on limited services from banking agents. As a result, rural clients often face high travel costs or turn to informal mechanisms for their financial needs.

Gender disparities further compound the rural financial inclusion gap. In 2023, 91% of women had access to financial products compared to 97.7% of men, with the gap widening in rural areas towards 12%.

Formal credit for agriculture is concentrated among medium and large producers, with over 75% of smallholders lacking access to formal loans. According to FINAGRO, small producers received only about 7% of total agricultural credit in 2024. Informal lenders, input suppliers, and value chain actors often fill the gap, but at higher costs and with limited protections. Interest rates for microcredit can range from 20% to over 100% annually, depending on the provider and risk profile. Collateral requirements and complex documentation further restrict access for smallholders.

Agricultural insurance is similarly underutilized. Despite government subsidies, only a small fraction of cultivated land is insured – less than 2% as of recent estimates. The public Agricultural Guarantee Fund (FAG) offers partial guarantees to financial institutions, but uptake remains modest. Private insurers are hesitant to enter the market due to high climate risk and low demand. The lack of insurance coverage discourages banks from lending to small producers, as they lack tools to mitigate systemic risks from droughts, floods, or pests.

6.7.3 Financial sector characteristics

Colombia’s financial sector is supervised by two main entities, each responsible for dedicated segments in the sector.

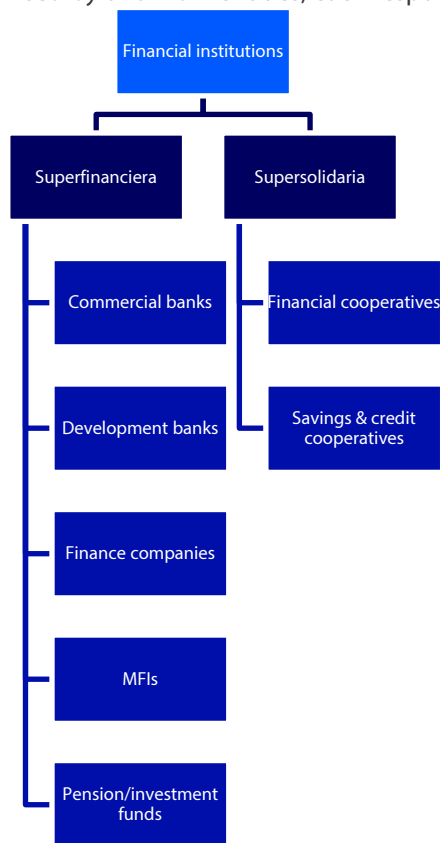


Figure 18: Overview of Colombia's financial sector (Rabo Partnerships, 2025)

Superfinanciera supervises commercial banks, development banks, finance companies, insurance companies, pension funds, stock exchanges, microfinance institutions, and investment funds. Of these institutions, commercial banks have the largest market share, with a few major players dominating the market. Bancolombia alone detains 20% of total market share.

	Total assets (USD)	Total credit portfolio (USD)	% credit portfolio in agriculture	# clients
Bancolombia	74.443 billion	47.8 billion	10%	14 million
Bango de Bogotá	60.7 billion	38.5 billion	8%	10 million
Banco Davivienda	50.2 billion	32.1 billion	7%	9 million
BBVA Colombia	35.6 billion	22.4 billion	6%	7 million
Banco de Occidente	25.3 billion	16.2 billion	5%	5 million

Table 29: Top-5 banks in Colombia (Superfinanciera, 2025)

Additionally, Supersolidaria supervises entities within the solidarity economy, who operate based on mutual aid and solidarity principles. Key institutions supervised by Supersolidaria include financial cooperatives (including savings & credit cooperatives), non-financial cooperatives, mutual associations, and employee funds.

6.7.4 Agricultural finance²⁴⁹

In Colombia, rural borrowing remains low. As of 2014, only 13% of rural adults borrowed from formal institutions, a figure unchanged since 2010 and lower than the 17% in urban areas. Informal lending remains common, with 5% of rural adults relying on moneylenders. Despite agriculture employing nearly 17% of the population, it receives only 7.3% of total credit from regulated institutions—less than in countries like Brazil and Uruguay. Most agricultural credit goes to medium and large producers, leaving over 75% of small producers without formal credit access.

Geographic disparities also hinder financial inclusion. Urban areas have 4.5 times more access points to financial services than rural ones. While all municipalities now have some financial presence, rural areas are mostly served by third-party agents who offer limited services, excluding credit. Commercial banks focus their lending on urban populations, with 97% of credit portfolios concentrated in cities with over 100,000 residents. Microcredit is more geographically diverse but still underdeveloped, comprising only 3% of total credit in Colombia—lower than in Peru, Mexico, and Ecuador. Additionally, interest rates of microcredit inhibit financial health of borrowers, ranging from 20 up to even 100%. While interest rates for loans from formal financial institutions are regulated by the Financial Superintendency of Colombia, who, among other, sets a monthly maximum interest rate (usury rate, corresponding to 1.5 times the average current bank interest rate). Lending beyond this rate is subject to sanctions. Banco de la República, Columbia's central bank, also sets benchmarks that serve as guidelines for commercial banks and help ensure transparency.^{250 251} Next to this, Colombia has implemented Basel III standards since 2020, which include capital and liquidity requirements for banks.²⁵² However, informally operating loan sharks (i.e. also known as 'gota-a-gota' lending) are increasingly entering the market. While they provide easier access to finance for clients who would have difficult access to formal financial institutions, on the longer term these institutions can cause debt traps where borrowers are unable to repay the loan and accumulate more debt over time. As such, National Development Banks play an important role in serving those segments who are considered too risky by other types of financial institutions, but at accessible rates.

²⁴⁹ Source: World Bank. (2015). *Expanding Opportunities for Rural Finance in Colombia*. [World Bank Document](#)

²⁵⁰ Source: Banco de la República. (2018). *Effects of Interest Rate Caps on Financial Inclusion*. [Usury rate | Banco de la República](#)

²⁵¹ Source: Banco de la República. (n.d.). *Economic-knowledge: Benchmark interest rate*. [Economic-knowledge: Benchmark interest rate | Banco de la República](#)

²⁵² Source: BTI. (2024). *Colombia Country Report 2024*. [BTI 2024 Colombia Country Report: BTI 2024](#)

6.7.5 NDB landscape in Colombia

Colombia's NDB landscape consists of four main banks, including FINDETER (urban and regional infrastructure), BANCOLDEX (entrepreneurial development and innovation), FDN (large-scale infrastructure projects), and FINAGRO (agriculture and rural development). These NDBs operate primarily as second-tier institutions with some first-tier activities. As we write this report in the context of our project with IFAD focused on the role of NDBs in Food Systems Transformation, the remainder of this chapter about Colombia focuses on FINAGRO, being the only NDB in Colombia with a key focus on the agricultural sector.

6.7.6 FINAGRO

FINAGRO (Fondo para el Financiamiento del Sector Agropecuario) is a second-tier development bank founded in 1990. FINAGRO distributes financial services at competitive rates through financial intermediaries towards the agricultural sector. With this, FINAGRO works on its mission to “work for an inclusive, equitable, and sustainable countryside, to generate a better quality of life and well-being for the rural population of Colombia”.²⁵³

The shareholding structure of Finagro includes five shareholders with a total of 413,051,478 shares. First, the Nation, represented by Grupo Bicentenario S.A.S., holds a 65.34% stake. Second is the Banco Agrario of Colombia (Banco Agrario de Colombia - BAC), with a 12.90% stake. Third and fourth are private banks – Banco Davivienda and Banco Bilbao Vizcaya Argentaria Colombia (BBVA), holding 12.67% and 9.9% respectively. Fifth is the Finagro Employees' Fund (Fondefin), with a 0.001% stake.²⁵⁴ Due to the majority share of the Nation, Finagro is influenced by political developments in the country, and sees frequent changes in its presidents who are appointed by the government.

FINAGRO's primary funding mechanism is through the Titles for Agricultural Development (TDA), which are financial instruments established under Resolution 3 of 2000 by the Board of Directors of the Central Bank of Colombia. These titles have a one-year maturity and pay interest quarterly. The interest rates on TDAs are deliberately set below prevailing market rates, allowing FINAGRO to offer subsidized credit to the agricultural sector. TDAs are indexed to the Interbank Reference Rate, and are categorised into two types: Type A, designated exclusively for small farmers, and Type B, for medium and large farmers. The funding for TDAs comes from a mandatory investment requirement imposed on all financial institutions in Colombia (except the state-owned Banco Agrario). A fixed percentage—currently 5%—of all deposits collected by these banks must be invested in TDAs managed by FINAGRO. This system ensures a steady and low-cost flow of resources, enabling FINAGRO to maintain favourable lending conditions. The Financial Superintendence oversees compliance, ensuring that 50% of these mandatory investments go into Type A TDAs and the other 50% into Type B, thereby safeguarding dedicated funding for small-scale producers.²⁵⁵ This mechanism ensures FINAGRO's sound liquidity position, as it relies on a funding source that fluctuates in proportion to national savings trends, making the bank dependent on deposit activity across the financial system.

As shown in the below figure, FINAGRO provided USD 9.38 billion of funding toward the agricultural sector in 2024, representing about 50% of country-wide funding for agriculture.²⁵⁶ All funding is distributed through affiliated financial intermediaries, 70 in total and consisting of commercial banks, cooperatives, microfinance institutions, and other specialized financial entities. To become an affiliated intermediary of FINAGRO, an institution needs to demonstrate the required level of operational- and reporting capacity, and the ability to integrate with FINAGRO's digital platform for

²⁵³ Source: FINAGRO. (2024). *Misión y Visión*. [Misión y Visión | Finagro](#).

²⁵⁴ Source: FINAGRO. (2024). *Informe de Gestión Sostenible 2023*. [IGS-Capitulo-1-2024-V4](#)

²⁵⁵ FINAGRO 2025 and conversation with Rodolfo Bacci Trespalacios (FINAGRO)

²⁵⁶ The exchange rate of June 11th 2025 is used throughout this whole section for Colombia. COP 1 = USD 0.0002377. <https://wise.com/gb/currency-converter/cop-to-usd-rate?amount=1>

credit registration and subsidy management. Intermediaries must adhere to FINAGRO’s service manual, including procedures for credit origination and disbursement; monitoring and reporting obligations; as well as anti-money laundering and anti-terrorism financing protocols.

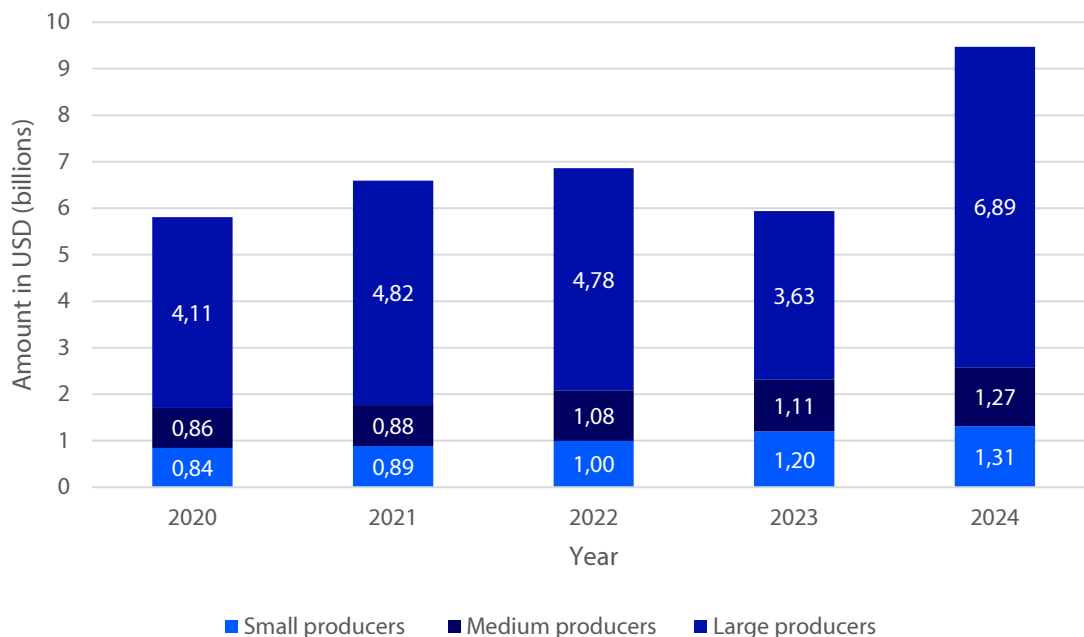


Figure 19: FINAGRO's loan portfolio development (in billion USD) (Finagro, 2025)

6.7.6.1 Product and service offering

FINAGRO offers a wide variety of products and services to the agricultural sector in Colombia. Key products and services include credit lines, guarantees, agricultural insurance, forestry incentives, rural microcredits, and financial education. Through this offering, FINAGRO does not only aim to finance the agricultural sector but rather strengthen the overall ecosystem. Three illustrative examples are highlighted below. While the credit lines and the guarantee fund have managed to generate impact at scale, for other products this is often lacking.

6.7.6.1.1 Credit lines

FINAGRO’s credit lines are targeted at various stages of the value chain, with a strong focus on production and transformation activities. As such, financing can be used for inputs, harvest, irrigation, machinery, equipment and infrastructure purposes, amongst others, and is offered through three main categories:

- **Working capital** for sustainable agricultural production (agriculture, livestock and farm), as well as primary processing and marketing & support services.
- **Investment credit** for long-term investments such as equipment, infrastructure, and long-term crops.
- **Debt forgiveness** including renegotiation, payment restructuring, and consolidation of loan obligations.

Beneficiaries are defined in five categories, as shown in the below table.

Beneficiary	Assets (in COP)	Assets (in USD)
Small producer	<249.30 million	<59,831
Rural women	<174.51 million	<41,882
Middle producer	<4.39 billion	<1.04 million

Big producer	>4.39 billion	>1.04 million
MSMEs for other rural activities	<26.33 billion	<6,26 million

Table 30: Beneficiaries of FINAGRO (FINAGRO, 2024)

To access financing from FINAGRO, the beneficiary should apply for a loan at one of the selected FINAGRO intermediaries. After evaluating and approving the credit, the intermediary registers the transaction at FINAGRO upon which the approved amount of the loan is disbursed to the intermediary, and subsequently the beneficiary. FINAGRO facilitates the complete process digitally at its own platform, making it increasingly efficient. Yet, both beneficiaries and intermediaries report that the process takes sometimes too long given the seasonality of the agricultural sector.

The application process for funding through first-tier financial institutions is standardized, with uniform requirements across all institutions. As a financial entity regulated by the Financial Superintendency, FINAGRO operates under a standardized risk management framework known as SIAR (Integrated Risk Management System). This system governs the entire client onboarding process, including the analysis of financial information and the enforcement of key financial criteria such as solvency, return on equity, and equity requirements. Importantly, all clients must be engaged in the agricultural sector. FINAGRO underlines its increasing openness toward financial cooperatives. Although these financial cooperatives may not handle large volumes of business, they are well-positioned to reach a broad base of clients and possess a strong understanding of their local communities.²⁵⁷

Credit placements	Value USD²⁵⁸	Number of end beneficiaries
Big producers	6.82 billion	6,729
Medium producers	1.26 billion	24,788
Small producers	475.40 billion	49,557
Small producers with low income	831.95 billion	223,225

Table 31: FINAGRO's credit placements per type of final beneficiary (FINAGRO, 2024)

6.7.6.1.2 Agricultural Fund of Guarantees

The Agricultural Fund of Guarantees (FAG) is a specialized financial mechanism established to support access to credit for agricultural and livestock projects in Colombia. Managed under FINAGRO conditions, FAG provides guarantees for loans and microloans granted to individuals or legal entities engaged in the agricultural sector. Its purpose is to reduce the risk for financial institutions, thereby facilitating financing for small, medium, and large producers, including low-income rural women. To access this guarantee, applicants must go through financial intermediaries who request the guarantee from FINAGRO. The premium of the guarantee is paid by the final client through the first-tier institution. The coverage percentage and commission rates vary depending on the type of producer, with the latter generally ranging from 0.5% to 2.5%. Additionally, a 16% VAT is applied to the commission.

Type of beneficiary	FAG Coverage		
Small producer (with low income)	90% (first credit)	80% (second and third credit)	60% (third credit on)

²⁵⁷ Source: Conversation with Rodolfo Bacci Trespalacios (FINAGRO).

²⁵⁸ Exchange rate used: 1 COP = 0,00024 USD

Small producer	80% (first credit)	60% (second credit on)
Medium producer		60%
Big producer		50%

Table 32: FAG coverage per beneficiary type (FINAGRO, 2025)

6.7.6.1.3 Investments

The Investment of Risk Capital Fund is a financial instrument managed by FINAGRO. It is designed to promote and support productive initiatives, especially in rural and underdeveloped areas where private investment is limited. The fund prioritises projects in sectors such as agriculture, livestock, fishing, poultry, forestry, and rural industry that demonstrate strong potential for economic, environmental, and social impact. To access funding, applicants must present a project that meets the technical, financial, environmental, and social feasibility criteria outlined in the relevant requirements. The process begins with a feasibility study, followed by an independent evaluation. If the project is deemed viable, the fund may invest directly or through the creation of a legal entity or corporation that acts as the investment vehicle. This entity may operate independently or in collaboration with other investors to cover pre-operational costs and initiate project development. If evaluations are favourable, the investment proceeds; if conditional, adjustments may be made to meet the required standards. In cases where the project is found unfeasible, the investment vehicle may be dissolved unless repurposed for a new project that must undergo the same rigorous approval process. Eligible recipients include companies or legal entities capable of managing rural development investments, either directly or through participation in investment funds.

While the initiative can potentially fill a blind spot in Colombia’s agricultural finance market, the investments facilitated through this platform have not effectively supported smallholder farmers to date. It was noted by interviewees that the funding has primarily been directed toward large-scale projects, with only a limited number of initiatives selected since the platform's inception in 2007.²⁵⁹

6.7.7 Stakeholder mapping

As becomes clear from the previous sections, FINAGRO operates in a wide stakeholder field of both private- and public actors. For the continuation of this program, we mapped the various stakeholders according to both their interest and influence, in order to determine to what extent we should involve them going forward. Generally, we follow the following principle:^{260 261}

- High influence, high interest → collaborate
- High influence, low interest → involve
- Low influence, high interest → consult
- Low influence, low interest → inform

²⁵⁹ Source: FINAGRO. (2024). *Fondo de Inversiones de Capital de Riesgo*. [Fondo de Inversiones de Capital de Riesgo | Finagro](#)

²⁶⁰ Influence on scope and focus of FINAGRO.

²⁶¹ Interest in the success and focus of FINAGRO.

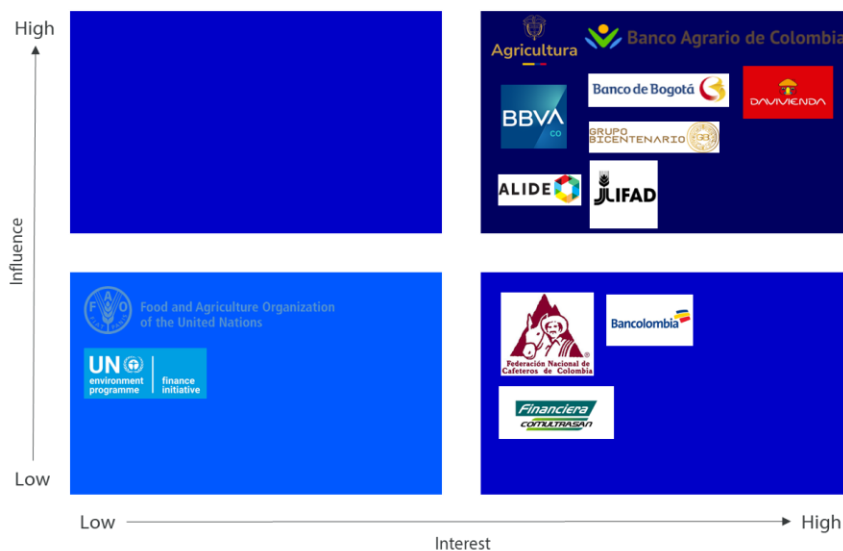


Figure 20: Stakeholder mapping for FINAGRO (Rabo Partnerships, 2025)

6.7.7.1 Government ministries and agencies

With the Colombian government having a majority share in FINAGRO, various ministries and agencies have both high interest and high influence on FINAGRO. The success of FINAGRO is – both economically and politically – important to the government. FINAGRO is regarded as an institution that can achieve the practical impact that envisioned in policy documents, and a coordinating party for government initiatives.

6.7.7.2 Financial institutions

When it comes to financial institutions, it is important to make a distinction. On the one hand, FIs with a share in FINAGRO have both a high interest and high influence. The (economic) success of the NDB is naturally important to them.

For other FIs who act as financial intermediaries, the dynamics with FINAGRO are different. These institutions have a high interest in the scope and strategic direction of FINAGRO, as this determines which segments in the agricultural sector they can serve at favourable conditions. However, as processes and conditions are standardised for all intermediaries, the level of influence is rather low. Two illustrative examples are included in the figure: Bancolombia, one of the intermediaries who uses FINAGRO funds most frequently; and Comultrasan, one of the largest financial cooperatives in the country. All other financial intermediaries belong in this quadrant as well.

6.7.7.3 International organisations

FINAGRO collaborates with various international organisations. IFAD and ALIDE can connect FINAGRO to international best practices, funding, and partners to collaborate with. These two organisations (envision to) work with the NDB on a rather structural basis.

Other UN organisations, such as the FAO and UNEP, work with FINAGRO on dedicated projects rather than influencing the overall scope of the NDB.

6.7.7.4 Social organisations

As the ultimate objective of FINAGRO is to strengthen the rural populations in Colombia, it is crucial that the voice of the farmers is reflected in the product and service offering. To our knowledge, FINAGRO consults farmers organisations, such as the national federation of coffee producers and the federation of palm oil growers, from time to time. For example, when setting up a new initiative. However, these organisations do not have a formal role in FINAGRO's governance.

6.8 Bolivia

6.8.1 Country demographics

Bolivia, officially the Plurinational State of Bolivia, is a landlocked country in central South America, bordered by Brazil, Paraguay, Argentina, Chile, and Peru.

Bolivia has a total population of approximately 12.24 million (2024) and a surface area of just over a million km². The population is relatively young, with 29% under the age of 15, 65% between 15–64, and 6% aged 65 and above. The rural population accounts for 29% of the total and is steadily declining. Bolivia is home to 36 recognized Indigenous peoples, with the Aymara and Quechua being the largest groups. Despite progress, Indigenous and rural populations—especially women—continue to face disparities in access to services and opportunities.²⁶²

The country’s economy is characterized by a mix of agriculture, mining, and services. In 2023, the GDP per capita was USD 3,686, and the agriculture sector contributed 13.5% to GDP—an increase from previous years, reflecting productivity gains and government support. Agriculture plays a vital role in Bolivia’s economy and rural livelihoods. The country’s main crops include soybeans, sugarcane, maize, sunflower, and wheat, with 80% of production coming from smallholder farmers operating on less than 5 hectares. Despite this, smallholders own only 40% of agricultural land, with the remainder held by larger agribusinesses.²⁶³

The services sector remains the largest contributor, while industry accounts for a significant share through mining and manufacturing. Employment distribution mirrors this structure: 24% of the workforce is in agriculture, 20% in industry, and 56% in services. The poverty headcount ratio stood at 36.4% in 2021, with a Gini index of 40.9, indicating moderate income inequality. Bolivia ranks 120th on the Human Development Index (2023), placing it in the medium human development category.²⁶⁴

Population	Rural population share	GDP per capita (USD)	Share of agriculture in GDP	Share of employment in agriculture	Poverty headcount ratio	GINI index
12,244,159	29%	3,686	13.5%	24%	36.4%*	40.9* ²⁶⁵

Table 33: Country demographics of Bolivia (World Bank, 2023)

6.8.2 Financial inclusion data

In the past two decades, the level of financial inclusion in Bolivia increased. The adults with an account in 2011 were 28% of the total population, ten years later, in 2021, the same indicator scored at 68.9%. Between 2007 and 2023, access to financial services, measured by the number of Financial Attention Points (PAF), increased nearly fourfold in urban areas and more than sixfold in rural areas, reaching 8,390 PAFs by July 2023. In terms of geographic coverage at the municipal level, coverage increased from 25% in 2007 to 87% in 2023. Thanks to this progress, 294 municipalities in the country now have the physical presence of a financial entity, representing 87% of the total municipalities in the country, where 98.7% of the national population resides.²⁶⁶

²⁶² Source: IFAD. (2020). *Plurinational State of Bolivia Country Strategic Opportunities Programme 2021-2025*, [Plurinational State of Bolivia Country strategic opportunities programme 2021-2025](#)

²⁶³ Source: IICA. (2016). *The Present and Future of Agricultural Mechanization in Latin America*. [Current Situation of Agricultural Mechanization and Conservation Agriculture in Latin America](#)

²⁶⁴ Source: Country Economy. (2023). *Country data: Demographic and economy- Bolivia*. [Bolivia 2025 | countryeconomy.com](#)

²⁶⁵ *concerns data from 2021 due to lack of more recent data.

²⁶⁶ Source: ASFI. (2023). *Avances significativos en inclusión financiera*. [SEPARATA INCLUSIÓN FINANCIERA.pdf](#)

Regarding the use of financial services, the number of deposit accounts quintupled between 2007 and 2023, increasing from 2.7 million to more than 14.7 million. Another indicator that demonstrates the growing use of financial services is the number of debit cards, which practically tripled in the last 10 years, reaching over 6.5 million by July 2023. This is in line with the significant increase in the use of electronic payment methods, which gained even more momentum after the Covid-19 pandemic.²⁶⁷ The use of mobile money accounts increased from 7.1% in 2017 to 13% in 2021.

6.8.3 Financial sector characteristics²⁶⁸

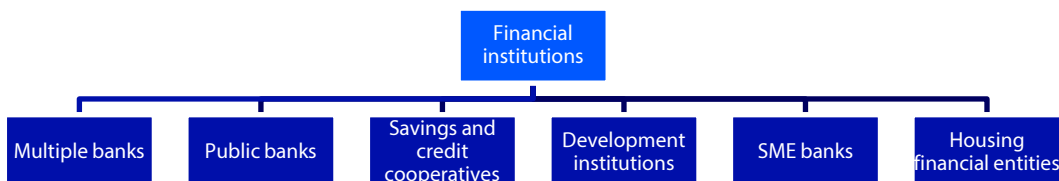


Figure 21: Overview of financial institutions in Bolivia (Rabo Partnerships, 2025).

Bolivia’s financial sector is relatively diverse, with a mix of public, private, cooperative, and development-oriented institutions. All institutions are regulated by the Autoridad de Supervisión del Sistema Financiero (ASFI), which oversees both traditional banks and the popular and solidarity economy institutions.

At the end of 2024, Bolivia had 67 licensed financial intermediation entities (EIFs), with total assets of USD 47.78 billion. The sector is dominated by Multiple Banks (BMUs), which hold 71% of total assets, followed by other types of financial institutions as displayed in the table below.

Type of EIF	Assets in BOB	Assets in USD ²⁶⁹	Number of entities
BMU (Multiple Banks)	234.58 billion	33.94 billion	11
BPU (Public Banks)	55.30 billion	8 billion	1
IFD (Development Financial Institutions)	10.33 billion	1.49 billion	8
CAC (Savings and credit cooperatives)	10.21 billion	1.48 billion	41
BDP (Banco Desarrollo Productivo)	10.11 billion	1.46 billion	1

²⁶⁷ Source: ASFI. (2023). *Avances significativos en inclusión financiera*. [SEPARATA INCLUSIÓN FINANCIERA.pdf](#)

²⁶⁸ Source: Autoridad de Supervisión del Sistema Financiero. (2024). *Evaluación del Sistema Financiero a Diciembre de 2024*. [EB_202412_Evaluación_del_Sistema_Financiero_a_Diciembre_de_2024.pdf](#)

²⁶⁹ The exchange rate of June 11th 2025 is used throughout this report 1 BOB 1 = USD 0.1447.

BPY (SME banks)	6.18 billion	893.96 million	2
EFV (Housing financial entities)	3.47 billion	502.11 million	3
Total	330.18 billion	47.78 billion	67

Table 34: Licensed financial intermediation entities in Bolivia (Autoridad del Sistema Financiero, 2023)

The biggest commercial banks in terms of assets are Banco Unión, Banco Mercantil Santa Cruz and Banco Nacional de Bolivia. The table shows the top 6 commercial banks of the country (Bancos Múltiples) and the main bank of Bolivia, owned by the State (Banco Unión).

Bank	Assets in BOB	Assets in USD	Loan portfolio in BOB	Loan portfolio in USD
Banco Union S.A.	59.04 billion	8.54 billion	38.32 billion	5.54 billion
Banco Mercantil Santa Cruz S.A.	47.93 billion	6.93 billion	32.22 billion	4.66 billion
Banco Nacional de Bolivia S.A	39.97 billion	5.78 billion	26.88 billion	3.89 billion
Banco BISA S.A.	34.72 billion	5.02 billion	22.75 billion	3.29 billion
Banco de Crédito de Bolivia S.A.	29.42 billion	4.26 billion	18.95 billion	2.74 billion
Banco FIE S.A.	26.88 billion	3.89 billion	16.82 billion	2.43 billion

Table 35: Key commercial banks in Bolivia (ASFI, 2025)

At the time of writing, Bolivia's macroeconomic imbalances have reached acute levels, exacerbated by a structural decline in gas production, sociopolitical tensions, and climate shocks. High import costs, weak agricultural production, and road blockages pushed inflation to 10% at end 2024, being the highest level in over a decade. Fiscal deficits are large and are predominantly being financed by the central bank. While the financial sector remains well buffered, deposits declined in real terms and net interest margins are pressured by interest rate controls. This limits banks' ability to raise loan rates amid rising inflation and slowing credit growth. Banks have experienced improved profitability from FX trading gains, resulting in a strengthened capital adequacy ratio of 13.5% in 2024, while NPLs have remained low at 3.2% of total loans.²⁷⁰

Taking into account the above, the IMF has recommended improved oversight of the financial system. It was stated that urgent efforts are needed to remove supply-side constraints to growth, lessen informality, strengthen governance and regulatory frameworks, improve public investment management, and foster competitiveness.²⁷¹ As such, it should be noted that the information on Bolivia's financial system as presented in this report, is relevant at the time of writing, but at the same place is situated in a highly dynamic environment and will thus be outdated quickly.

²⁷⁰ Source: IMF. (2025). [1bolea2025002-print-pdf.pdf](#)

²⁷¹ Source: IMF. (2025). [1bolea2025002-print-pdf.pdf](#)

6.8.4 Agricultural finance

As stated in the introduction, agriculture makes up 13.5% of Bolivia's GDP. Contrary to many other countries in the region, this share has been increasing over the past years. This is mainly due to an increase in productivity, supported by government policies and multilateral organizations. Recent price controls, quotas, subsidies, and public investment have been effective in supporting productivity-enhancement investments in the agricultural sector, lowering transportation costs, and facilitate diesel imports directly by private companies. In 2019, the government obliged banks to dedicate at least 60% of their loan portfolios to productive sectors. Next to agriculture, these included construction, industry, housing, and tourism. In addition to a quota of loans to productive sectors, the government also put in place interest rate caps for loans to these sectors.

Yet, the risk of extreme climate events (both droughts and floods) pose a severe challenge for the agricultural sector. Additionally, related to the macroeconomic situation as described in the previous section, natural gas continues to drop rapidly, undermining export and fiscal revenues.²⁷² As such, government policies related to the sector might change dramatically in the coming period as a response.

Key agricultural export partners include Brazil, China, India and the United States. Key cash crops include soybean, sugar cane, maize, sunflower and wheat. Other significant crops are beans, sesame, quinoa and chia. According to a regional study from 2019 on agricultural mechanization in Latin America, Bolivia has one of the lowest levels of mechanization in the region. Over 85% of Bolivian farmers operate on plots smaller than 5 hectares, and 90% on less than 3 hectares, which limits the economic feasibility of using large machinery. As a result, many rely on manual labour or animal traction. The high cost of machinery, limited access to credit, and difficult terrain (especially in the Andes) are major barriers. The study also notes that Bolivia is exploring alternatives like artisanal biotechnology and conservation agriculture to improve productivity without heavy machinery.²⁷³

Of the total credit portfolio of Bolivia's financial system, around 13.6% is dedicated to the agricultural and livestock sector, which is in line with the share of the sector in the overall GDP. Additional to formal financial institutions, credit to the agricultural sector is often provided by commercial houses ('casas comerciales') that provide the agricultural inputs, or by large industrial trading enterprises such as ADM, Fino, Dreyfus, Cargill.²⁷⁴

Key banks in the country that finance the sector include Banco Unión and Banco Fie, the latter with a strong focus on MSMEs in the sector. Additionally, BDP plays a key role in financing the agricultural sector, on which the next chapter will further elaborate.

6.8.5 NDB landscape in Bolivia

Bolivia's NDB landscape is relatively concentrated, with a few key institutions playing roles in the development of the country. Bolivia's primary NDB is the Public Development Bank Banco de Desarrollo Productivo (BDP), focusing for a large part on agriculture- and rural development as well as SMEs and women-led enterprises.²⁷⁵ Additionally, the public financial entity Fondo Nacional de Desarrollo Regional (FNDR) provides financing for infrastructure and public investment projects at regional level.²⁷⁶ Lastly, the public fund Fondo de Desarrollo del Sistema Financiero y de Apoyo al Sector Productivo (FONDESIF) supports financial inclusion of underserved populations, working with microfinance

²⁷² Source: IMF. (2025). [1bolea2025002-print-pdf.pdf](#)

²⁷³ Source: IICA. (2016). *The Present and Future of Agricultural Mechanization in Latin America*. [Current Situation of Agricultural Mechanization and Conservation Agriculture in Latin America](#)

²⁷⁴ Source: Netherlands Enterprise Agency. (2017).

²⁷⁵ Source: BDP. (n.d.). *¿Quiénes Somos?*, [¿Quiénes Somos? - BDP - SAM](#)

²⁷⁶ Source: FNDR. (n.d.). *Fondo Nacional de Desarrollo Regional*. [FNDR – FNDR](#)

institutions and other (rural) financial service providers.²⁷⁷ Considering the scope of this program, and the (potential) impact that could be generated through BDP, we focus on this NDB going forward.

6.8.5.1 Banco de Desarrollo Productivo

BDP was established in 1996 with the objective to reach those areas in Bolivia where other financial institutions would not venture. Up to 2015, BDP reached its end beneficiaries via second-tier operations, through financial intermediaries. However, these intermediaries had limited coverage in rural areas, and sometimes low willingness to assume productive risk. This made it challenging for BDP to fulfil its development mandates. As such, BDP added first-tier operations to its model, allowing them to directly manage credit design, disbursement, and monitoring, often combining finance with technical assistance. It turned out that BDP could reach rural areas more easily through first-tier operations.

Now, ten years later, 80% of the portfolio consists of first-tier operations. These are offered through a total of 5 branches and 38 agencies, with 28 agencies being located in rural areas. The wide distribution of the agency network leads ('corresponsales bancarios') to a coverage of 297 out of 339 municipalities in the country.

The ownership of BDP is largely dominated by the Plurinational State of Bolivia, having 80% of the shares. The other 20% are owned by CAF (Development Bank of Latin America). This ownership structure is not entirely reflected in the Board, where only one out of five directors (being the president) represents the State. The other directors represent CAF, the Central Bank, and public development agencies. The general management reports to the Board and is responsible for executing the bank's strategy and operations. Their composition is of technocratic nature.

BDP obtains financing through various sources. Traditional financing comes from capital markets, fixed term deposits, and credit lines from both local and foreign financial institutions. Non-traditional financing includes trust funds, bonds (green, social, sustainable), and multilateral concessional loans. Going forward, BDP aims to access additional resources from climate finance institutions.

6.8.5.1.1 Product and service offering

First-tier operations

As mentioned, the first-tier operations belong to the main business line of BDP. It consists of granting loans directly to producers and entrepreneurs (regardless of the size of the enterprise) without the intermediation of other financial entities. To date, a total of 67,887 clients is served through these operations, according to the distribution as displayed in the below table.

At the moment, BDP offers 19 different products to natural persons and legal entities. These include: BDP Agropecuario, BDP Comercio y Servicios, Mujer BDP, Ecoeficiencia BDP, Empeñe BDP, BDP Manufactura y Transformación, BDP Metalmeccanica, BDP Cuero, BDP Turismo, BDP Pesca y acuicultura, BDP Pirwa Productiva, BDP Riego, Tu Maquinaria BDP, BDP Rumiantes menores, Soy Joven BDP, SIBOLIVIA, Agro+ BDP, BDP Te Presta, Adapta BDP.²⁷⁸ The below table shows the distribution of these products in the overall portfolio, followed by a description of some highlighted products.

Company type	Product	# clients	Size in USD ²⁷⁹	%
Microenterprise	Agropecuario	39,425	256,153,551	38%

²⁷⁷ Source: Fondesif. (n.d.). *¿Qué es FONDESIF?* [Pagina Principal | FONDESIF](#)

²⁷⁸ Source: BDP. (n.d.). *Productos y servicios*. [Banco de Desarrollo Productivo - BDP - SAM Somos la Casa del Productor](#)

²⁷⁹ 1 BOB = 0,1448 USD

	Jefa de Hogar	16,994	117,002,738	17%
	Manufacura y Transformacion	5,299	39,644,514	6%
	Additional services related to production	1,903	12,691,462	2%
	Turismo	1,087	9,535,574	1%
	Other	2,424	14,551,215	3%
	Total	67,132	449,579,055	67%
SMEs and large enterprises	Agropecuario	328	93,030,908	14%
	Manufacura y Transformacion	295	90,227,564	13%
	Ecoeficiencia BDP	43	19,897,523	3%
	Jefa de Hogar	24	5,733,415	1%
	Additional services related to production	28	5,155,197	1%
	Other	37	6,526,410	1%
	Total	755	220,571,018	33%
Combined total	67,887	670,150,073	100%	

Table 36: Product distribution according to # clients and portfolio share (BDP, 2025)

BDP Agropecuario is the largest product for both segments. This credit line finances a wide range of agricultural- and livestock activities, including agricultural production; breeding, rearing, and fattening of large and small livestock; and production of animal-origin products such as honey, eggs, and milk. Financial conditions include:

- Term: up to 10 years for investment capital and up to 3 years for working capital
- Grace period: up to 6 months for microenterprises and up to 2 years for SMEs and large enterprises
- Own contribution: minimum of 10% for investment capital; up to 100% for financed working capital
- Payment frequency: flexible, adapted to the productive cycle
- Interest rate: up to 11.5% annually for microcredit; 7% for small enterprises; 6% for medium- and large enterprises.

Another product to highlight is Jefa de Hogar. This credit line is specifically designed for women who are heads of the household, and primarily targeted at the microenterprise sector. The product characteristics are largely similar to those of BDP Agropecuario, except for the annual interest rate which is 10%.

Additional to the financial products, BDP provides technical assistance to approximately 8,000 producers from various sectors each year. In 2024, 1,931 of these producers were also clients of BDP's financial products. The TA is delivered through strategic alliances that BDP forms with institutions and companies with expertise in various productive areas. These partner organisations provide their technical staff to deliver assistance to producers. Internal staffing of BDP for these activities consists of 4 field technicians supported by 4 specialists at the head office. The TA brings a valuable complementarity to financial services, aiming to increase productivity and financial literacy. Yet, the limited amount of internal technical personnel combined with the geographic dispersion of producers leads to logistical difficulties and relatively high costs of these operations.

Second-tier operations

The loans granted through the second-tier banking business lines, called Ventanillas de Credito, reached a portfolio balance of USD 33,908,800 in 2023, representing a 11.7% growth compared to 2022. This portfolio consists of five different business lines, all reflected in the below table.

Business lines (<i>Ventanillas de Credito</i>)	Balance in USD ²⁸⁰	II tier portfolio share %
MSE Productive Credit (<i>Crédito MyPE Productiva</i>)	243,698,400	72.98%
Agricultural Credit (<i>Crédito Agropecuario</i>)	46,480,800	13.92%
SME Productive Credit (<i>Crédito PyME Productiva</i>)	28,815,200	8.63%
Financial Leasing (<i>Arrendamiento Financiero</i>)	13,611,200	4.08%
Productive Microcredit (<i>Microcrédito Productiva</i>)	1,303,200	0.39%
Total	333,908,800	100%

Table 37: Business lines in second-tier operations (BDP, 2024)

In total, a number of 117,679 clients across the country are served through second-tier operations. BDP channels financing to the end beneficiary through financial intermediaries. The table below details the credit portfolio by type of intermediary. The largest intermediaries are Banco Prodem (18%), Crecer (13%), Banco FIE (10.6%), CIDRE (10%). The interest rates applied are usually between 5%-6.5%.

Financial institution	Balance in USD ²⁸¹	II tier portfolio share %
BMU (Multiple Bank)	156,818,400	47%
IFD (DFIs)	122,356,000	37%
Financial Leasing	13,756,000	4%
CAC (Cooperatives)	18,824,000	6%
PBY (SMEs Bank)	22,154,400	7%
Total	333,908,800	100%

Table 38: Financial intermediaries of BDP (BDP, 2024)

Based on our interviews, financial intermediaries appear to be satisfied with their collaboration with BDP. Among the positive aspects are the efficient process of obtaining second-tier financing, and the flexibility in credit lines – depending on the needs of the end beneficiaries, the intermediary can choose a line and conditions. Due to the limited scope of BDP's first-tier operations, they are not regarded as a competitor by their affiliated intermediaries.

6.8.6 Stakeholder mapping

As becomes clear from the previous sections, BDP operates in a wide stakeholder field of both private- and public actors. For the continuation of this program, we mapped the various stakeholders according to both their interest and influence, in order to determine to what extent we should involve them going forward. Generally, we follow the following principle:^{282 283}

²⁸⁰ 1 BOB = 0,1448 USD

²⁸¹ 1 BOB = 0,1448 USD

²⁸² Influence on scope and focus of FINAGRO.

²⁸³ Interest in the success and focus of FINAGRO.

- High influence, high interest → collaborate
- High influence, low interest → involve
- Low influence, high interest → consult
- Low influence, low interest → inform



Figure 22: Stakeholder mapping for BDP (Rabo Partnerships, 2025).

6.8.6.1 Government ministries and agencies

As mentioned, BDP is owned for 80% by the Bolivian State, therewith forming a key stakeholder. BDP has a mixed role, the operational arm of the Plurinational State of Bolivia in the financial system and, at the same time, as the operational arm in the productive system.

6.8.6.2 Financial institutions

For BDP’s second-tier operations, financial intermediaries are key stakeholders for on-lending of funds towards end beneficiaries. As second-tier operations currently only represent around 20% of BDP’s portfolio, and the on-lending is distributed across various intermediaries, the influence of these FIs is not that high. Still, their interest is high as the direction and scope of BDP determines to which segments they can offer credit lines against reduced rates.

6.8.6.3 International development organisations

BDP is an active member of ALIDE, the regional organization that brings together development finance institutions from Latin America and the Caribbean. Additionally, UN organizations work with BDP with various degrees of intensity. IFAD has ongoing activities with BDP as part of the “COSOP” program. Additionally, organizations like the FAO and UN Women focus on dedicated activities related to their target segments.

6.9 Ecuador

6.9.1 Country demographics

Ecuador is a geographically and demographically diverse country, with a total population of approximately 18 million people. Around 36% of the population resides in rural areas, with high concentrations in the Sierra and Amazon regions. Poverty in Ecuador remains significantly higher in rural areas. As per the Instituto Nacional de Estadística y Censos (INEC),

42.3% of rural residents live below the poverty line, compared to 19.7% in urban areas. Among Indigenous and Montubio populations, poverty exceeds 60% a rate far higher than the national average.²⁸⁴

In 2024, the preliminary annual nominal GDP of Ecuador reached USD 124 billion.²⁸⁵ The economy is primarily structured around five key sectors. The largest is the services sector (commerce, finance, education and tourism), contributing over 59% of the country’s GDP. This is followed by industry (oil refining, food processing, and manufacturing) with 27%; then agriculture, forestry and fishing with 7.7%; oil and mining 7.6%; and construction 4%.²⁸⁶

While agriculture comes third in terms of contribution to GDP, it is estimated that 30% of total employment in the country is related to agriculture. Largest part (64%) of the agricultural produce is generated by smallholder- and family farmers who operate on plots of less than 5 (often 2) hectares. At the same time, they own only 15-20% of arable land.²⁸⁷ The remaining 80% of farmland is owned by agribusiness and commercial farms who often cultivate bananas, shrimp, and flowers for export.

Environmental and climate factors further shape the rural development context. In recent years, rural communities have been hit by more frequent droughts, floods, and pest/disease outbreaks, threats that are expected to intensify with climate change. Small farmers, lacking buffers and insurance, often suffer crop losses that push them deeper into debt or poverty. The government has promoted agricultural insurance schemes (the public Seguro Agrícola for crops and a similar Seguro Ganadero for livestock) to mitigate these risks, but uptake remains very low. By 2023, less than 8% of smallholder farmers were enrolled in crop or livestock insurance programs.²⁸⁸ Low awareness, cumbersome procedures, and limited trust have constrained the reach of these schemes, despite premium subsidies from the state. Over the first seven years of the government’s AgroSeguro program, about 281,000 farmers insured a total of 1 million hectares.

Total Population (#)	Rural population (%)	GDP (USD)	Agriculture as % of total GDP	Agriculture as % of total employment	Agricultural produce by smallholders (%)
18 million	36	119 billion	7.7	30	64

Table 39: Country demographics of Ecuador (World Bank, 2023)

6.9.2 Financial inclusion data²⁸⁹

Despite progress in financial inclusion in Ecuador, rural areas continue to lag significantly behind urban centres in both access to and usage of formal financial services. According to the World Bank’s Global Findex 2021, 64% of Ecuadorian adults had an account at a financial institution or mobile money provider, up from 51% in 2017. However, only 35% of rural adults had an account, leaving nearly two-thirds unbanked. Gender disparities persist, with 70% of men having an account compared to just 58% of women. Access to formal credit is even more limited: only 28% of adults borrowed from a formal institution in the past year, and just 18% in rural areas. Informal lending remains widespread, often at interest rates exceeding 100%, trapping borrowers in cycles of debt.

²⁸⁴ Source: Instituto Nacional de Estadística y Censos (INEC). (2023). *Encuesta Nacional ENEMDU 2022 – Indicadores de Pobreza y Desigualdad*. https://www.ecuadorencifras.gob.ec/documentos/web-inec/POBREZA/2023/Diciembre/202312_PobrezayDesigualdad.pdf

²⁸⁵ Source: Banco Central del Ecuador.(n.d.). *Estadísticas del Sector real*. [Estadísticas del Sector Real](#)

²⁸⁶Source: Banco Central del Ecuador (BCE). (2025). *Informe de Evolución de la Economía Ecuatoriana en 2024 y Perspectivas 2025*. https://contenido.bce.fin.ec/documentos/Administracion/EvolEconEcu_2024pers2025.pdf

²⁸⁷ Source: FAO. (2023)

²⁸⁸ Source: MAG. (2023)

²⁸⁹ Source: World Bank. (2021). *The Global Findex Database 2021*. [The Global Findex Database 2021](#)

Savings and insurance usage are similarly low in rural zones. Most rural residents save informally, limiting capital available for rural lending. Agricultural insurance covers less than 10% of the potential market, despite government subsidies, due to low demand and high perceived risk. While mobile phone access is widespread and digital financial services are growing, rural uptake remains limited. Only 25% of rural adults use mobile banking or payments, compared to over 40% in urban areas. Barriers include low digital literacy, poor connectivity, and a preference for cash. Nonetheless, mobile money transactions have increased by 30% since 2020, and Ecuador’s National Financial Inclusion Strategy emphasizes digital channels and fintech to reach underserved populations.

6.9.3 Financial sector characteristics

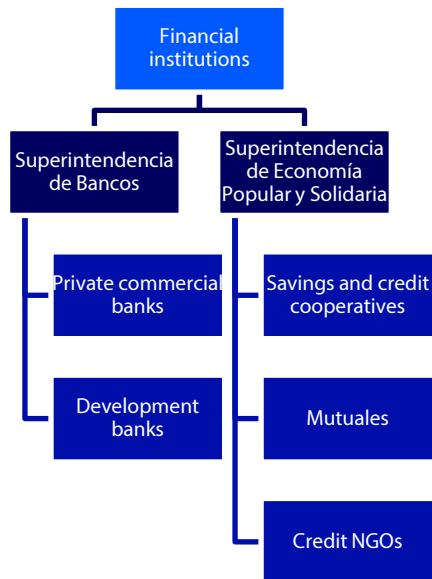


Figure 23: Overview of Ecuador's financial system (Rabo Partnerships, 2025).

Ecuador’s financial system is relatively diversified in institutional types with three main categories of regulated financial intermediaries:

1. Private commercial banks, approximately 24 in total, supervised by the Superintendencia de Bancos (SB).
2. Public or development banks, including BanEcuador, BDE, CFN, also under SB supervision.
3. Popular and solidarity economy institutions, primarily savings and credit cooperatives (over 500 of varying sizes), supervised by the Superintendencia de Economía Popular y Solidaria (SEPS).
4. Additionally, there are a few non-bank finance companies, mutuales, and credit NGOs, but their market share is relatively small.

Ecuador’s financial system operates under the constraints of a dollarized economy, as the country has used the US dollar as official currency since 2000. Dollarisation has brought monetary stability (low inflation) but means the central bank (BCE) cannot act as a traditional lender of last resort or use monetary policy to stimulate credit. This places greater importance on financial institutions’ own outreach and deposit mobilisation to expand lending, and also exposes the system to external liquidity pressures (e.g. if dollars leave the economy). Dollarization also makes interest rates an important policy lever; Ecuador enforces interest rate ceilings by loan type, which affect the incentives for rural lending.

The country's 24 private banks held about USD 68.9 billion in total assets as of December 2024.²⁹⁰ Commercial banks in Ecuador are large in aggregate (holding the majority of financial assets) but their footprint in rural and small-scale agriculture finance is relatively limited, with only 4% of their loan portfolios attributed to agriculture.²⁹¹ The private banks – such as Banco Pichincha, Banco Guayaquil, Produbanco, etc. – primarily serve urban markets, formal businesses, consumer lending, and trade finance. Their branch networks and ATM infrastructure are concentrated in cities and towns. High operating costs in sparsely populated areas and perceptions of greater credit risk among small farmers have historically dissuaded banks from venturing deep into rural communities. Moreover, interest rate caps set by the Junta de Política y Regulación Financiera (the policy board) limit what banks can charge on different loan segments. For example, as of 2023, the maximum interest rate for microcredit (very small loans) was around 30% annual, whereas the cap for “productive” loans (including standard business and agricultural loans) was about 11.25%. While these caps aim to protect borrowers from usury, they also constrain risk-based pricing. The IMF and World Bank have noted that Ecuador's interest rate ceilings, especially in the microcredit category, are among the most binding in Latin America and tend to reduce credit supply to riskier underserved groups. In effect, banks compete for safe, established borrowers at capped rates, rather than bringing new clients into the system.

That said, some private banks have recently started to target financial inclusion niches. Banco Pichincha, the largest bank, has made strategic moves into microfinance and rural lending through digital channels. By 2023, Pichincha had about 5.3 million customers (roughly 31% of Ecuador's population) claimed a 57% market share in the banking sector's microcredit segment, with more than half of its micro-loans going to women entrepreneurs.²⁹²

Institution	Type	Loan Portfolio/assets	% Portfolio in Agri	Focus & Key Segments
Banco Pichincha	Commercial bank	USD 10 billion loans (assets 19.5 bn)	25%	Universal banking, largest bank
Banco Pacífico	State-owned commercial bank (public)	USD 8 billion assets	10%	Commercial bank; urban and corporate focus
Banco Guayaquil	Commercial bank	USD 8.7 billion assets	5%	Commercial bank
Produbanco	Commercial bank	USD 6 billion assets	5%	Commercial bank
Banco Bolivariano	Commercial bank	USD 4–5 billion assets	5%	Retail and SME, primarily coastal regions
Banco Internacional	Commercial bank	USD 4 billion assets	4%	Commercial and corporate
Banco del Austro	Commercial bank	USD 2–3 billion assets	3%	SMEs and retail
Cooperativa JEP	Cooperative	USD 3.5 billion assets	10%	Largest credit cooperative; rural clients nationwide.

²⁹⁰ Source: Superintendencia de Bancos. (2025). *Boletín Financiero – Diciembre 2024*. [Portal Estadístico – El sitio con todos los datos recopilados por la SB](https://portal.estrategia.com.ec/portal-estadistico)

²⁹¹ Source: BCE. (2023).

²⁹² Source: LatinFinance. (2023). *Bank of the year- Ecuador : Banco Pichincha*. https://readnxtbook.com/latinfinance/magazine/2024_q1/bank_of_the_year_ecuador.html

BanEcuador	Public development bank	USD 2 billion loan portfolio	20–25%	State rural development bank; focus on smallholders, microenterprises, and underserved groups.
CFN	Public development bank (second tier)	USD 1 billion loan book (mostly wholesale)	5% (indirect)	Development bank financing productive sectors (industry, some agri)

Table 40: Overview of the top10 financial institutions in Ecuador (Superintendencia de Bancos, 2025)

Savings and credit cooperatives (cooperativas de ahorro y crédito) have become the dominant players in rural finance in Ecuador, far outstripping banks in terms of rural outreach and client numbers. The cooperative sector in Ecuador is one of the most developed in Latin America, with over 5.5 million members across 500+ cooperatives as of 2023. These cooperatives range from large, well-capitalized entities with nationwide presence (e.g. Cooperativa JEP, Cooperativa Jardín Azuayo, Cooperativa Mushuc Runa) to small parish-level cooperatives serving a few hundred members. Their common thread is a community-based approach: cooperatives often emerge from grassroots initiatives, ethnic associations, or church groups, and they tend to operate in smaller towns and rural localities where commercial banks are absent. For many rural Ecuadorians, the local cooperative is the only accessible financial institution – a place where they can save, borrow small amounts, or make payments. Cooperatives have leveraged relationship-based lending techniques suitable for rural contexts (knowing customers personally, using group guarantees or community reputation in lieu of formal collateral). Group lending and community trust are key: some coops encourage members to form solidarity groups to guarantee each other’s loans, similar to microfinance models elsewhere.

6.9.4 NDB landscape in Ecuador

Development finance in Ecuador is delivered through several public institutions, each with distinct mandates and client bases. The three main national development banks are BanEcuador, Banco de Desarrollo del Ecuador (BDE) and Corporación Financiera Nacional (CFN). Together, these institutions form the public credit support system aligned with government development policies.

CFN is a development bank traditionally focused on industrial and enterprise finance. It provides second-tier credit lines to private banks and cooperatives for on-lending to SMEs, and also does some direct lending to larger companies, especially in export sectors or priority industries. CFN has virtually no direct lending to small farmers or microenterprises, as those are outside its mandate.

BDE serves as the financing arm for local governments. BDE provides loans (often long-term, low interest) to municipalities, provincial councils, and sometimes to ministries for infrastructure projects like water systems, sanitation, rural roads, or irrigation networks. While these investments can benefit rural communities (for instance, irrigation financed by BDE can boost agricultural productivity), but BDE does not finance individual farmers or agricultural businesses.

BanEcuador is most relevant for rural and agricultural finance, given its focus on individual small producers and microentrepreneurs. As such, the following sections will further elaborate on this institution.

6.9.4.1 BanEcuador

BanEcuador was established in 2015, following the liquidation of the former Banco Nacional de Fomento (BNF). BNF had been Ecuador’s agricultural state bank for decades but ceased operations due to high default rates, politicised lending, and operational inefficiencies. BanEcuador was created to carry forward the mission of rural credit “fomento” with a reformed structure and envisioned better performance. It inherited many of BNF’s assets, branch infrastructure, and portfolio, but aimed to modernise and instil more prudent management. BanEcuador’s core mandate is to provide accessible financial services (primarily credit) to the productive sectors, with emphasis on small and medium producers in agriculture, livestock, fisheries, forestry, artisanship and rural commerce. It is the first-tier promotional bank for rural development – meaning it lends directly to individuals and businesses, rather than through intermediaries. Unlike some development banks, BanEcuador also takes deposits from the public and is subject to supervision by the

Superintendencia de Bancos. However, it does not receive routine budget transfers from the government treasury and is expected to fund its lending through its own mobilization of deposits and loan recoveries and to maintain financial self-sufficiency if possible. This model forces BanEcuador into a delicate balance: it has social objectives that push it to lend on concessional terms to high-risk segments, but it must also mind its balance sheet and regulatory ratios like any other bank.

BanEcuador today has the widest physical rural outreach of any formal financial institution in the country. It maintains around 170 branches and service points across all 24 provinces. This network penetrates areas where no private banks operate – including remote Amazonian towns, high-altitude indigenous communities in Chimborazo, and coastal farming zones. The branch distribution (partly inherited from BNF’s presence) gives BanEcuador a capillary reach to last-mile populations. At the local level, BanEcuador often works as more than just a bank: its branches sometimes double as points for disbursing government subsidies or aid, given the lack of other state offices in those areas. In some rural cantons, BanEcuador is the only bank in town. That said, physical presence doesn’t always equate to effective service. Until recently, BanEcuador was notorious for long queues and bureaucratic slowness – farmers would line up at dawn at branches to apply for loans or receive payments, often waiting for hours. The bank’s management acknowledged these issues and in 2022–2023 undertook measures to improve customer experience. For example, they introduced a debit card so that loan recipients can withdraw funds via ATMs rather than at the branch counter, and they streamlined loan application forms. These operational tweaks aimed to reduce congestion and modernize the bank’s image.

BanEcuador’s loan portfolio grew significantly since its establishment – from roughly USD 1.65 billion in 2019 to over USD 2 billion by 2023, partly due to aggressive programs like Crédito 1×30. However, portfolio quality deteriorated markedly. The bank’s overall non-performing loan (NPL) ratio jumped from about 13% in 2019 to 22% by end-2022, and nearly 25% by early 2023.²⁹³ This NPL level – the highest in Ecuador – is roughly 7 times the private banks’ average (3.3% NPL). While BanEcuador has a wide outreach, commercial banks have more lending to the agricultural sector in absolute terms, considering their lending to larger farms and agribusinesses. For example, Banco Pichincha’s agricultural loan portfolio (USD 2.4 billion) is larger than BanEcuador’s entire loan book, making Pichincha the single largest financier of the agricultural sector.²⁹⁴

Financially, BanEcuador has suffered consecutive losses in recent years. It recorded a net loss of USD 110 million in 2022 alone – quadruple the losses of 2021 – wiping out prior retained earnings. Loan loss provisions spiked to USD 351 million in 2022 (USD 52 million higher than 2021) to cover the surge in bad loans. By February 2023, the bank had already lost another USD 11 million in the first two months. These ongoing losses have significantly eroded BanEcuador’s capital, putting pressure on its solvency and lending capacity. The bank’s capital-to-assets ratio has fallen into single digits, indicating reduced buffers.

6.9.4.1.1 Product and service offering

The product portfolio of BanEcuador spans microcredit, SME loans, and specialised credit lines tailored to target groups. The below table summarises the main credit products.

Product	Purpose	Ticket size
Working capital loans	Agriculture (planting inputs, animal feed, small equipment) and microentrepreneurs (shop owners, artisans)	USD 500 – 20,000; short- to medium term

²⁹³ Source: Tapia, E. (2023). *Se cuadruplican las pérdidas en BanEcuador y la morosidad sube*. Primicias. [Se cuadruplican las pérdidas en BanEcuador y la morosidad sube](#)

²⁹⁴ Source: LatinFinance. (2023). *Bank of the year- Ecuador : Banco Pichincha*. [Bank of the Year - Ecuador](#)

Investment loans	Purchasing machinery, irrigation systems, expanding a business	USD 2,000 – 1,000,000
Consumer loans	Public servants	

Table 41: Key products of BanEcuador (BanEcuador, 2024)

Additionally, BanEcuador has rolled out thematic credit lines to promote inclusion of under-served demographics:

- Crédito “Súper Mujer Rural” – launched in 2020 in partnership with the Ministry of Agriculture – is a program for rural women entrepreneurs. It provides small loans up to USD 10,000 to women in agriculture or rural businesses, and crucially does not require a husband’s or male guarantor’s signature (addressing a previous barrier whereby married women’s credit had to be co-signed by their spouse). In its first phase, Súper Mujer Rural disbursed about USD 7.5 million to 3,065 women across various provinces. While modest in scale, it was a pioneering effort in Ecuador to empower women borrowers. BanEcuador’s former general manager noted that no other bank was offering a similar product for rural women at the time.
- Crédito Joven Rural (also called “Joven Emprende Ahora”) – a credit line for young farmers aged 18–29 to start or expand agri-projects. This addresses youth inclusion, aiming to counter rural youth migration by providing startup capital. By 2024, around 900 young entrepreneurs had benefited, with about USD 2.8 million disbursed (averaging just over USD 3,000 per youth loan). Though helpful on an individual level, this remains a small drop in the bucket relative to the large youth population in need of opportunities.
- Crédito Violeta – a newer program (launched in late 2022) in partnership with the Ministry of Women and Human Rights, aimed specifically at women-led businesses. It provides loans from USD 3,000 up to USD 20,000 for women entrepreneurs (rural or urban), under flexible conditions similar to Súper Mujer (no spousal consent). This program has been promoted under the current government’s gender inclusion agenda, and early uptake appears positive (tens of millions disbursed as of early 2024)
- Green and climate-focused credits: e.g. the Crédito Sostenible Amazónico, introduced to incentivize sustainable agriculture in the Amazon rainforest region. This product offers up to USD 150,000 for projects like deforestation-free cacao, coffee, and sustainable cattle ranching, at a concessional interest rate of 11.25% (the maximum allowed for productive loans) with a further 15% rebate on the loan if the borrower maintains timely repayment. Essentially, it rewards both good repayment and good environmental practices. While innovative, this credit line remains a pilot; uptake has been limited to a small number of projects given its late launch and the complexities of monitoring compliance. Environmental advocates see potential in scaling such “green credit” models, but critics point out that BanEcuador’s overall portfolio is still far from climate-aligned – the vast majority of its loans are standard agriculture or commerce loans without explicit sustainability criteria.

6.9.4.1.2 Lessons learned from Credito 1X30

In 2022, BanEcuador introduced the Crédito 1x30 program, a flagship rural credit initiative backed by the government. The program offered loans of up to USD 5,000 (later slightly increased for some groups) at a 1% annual interest rate with a 30-year repayment term. It targeted small-scale farmers, fishers, artisans, and microentrepreneurs, aiming to stimulate rural economic activity and food security in the aftermath of the COVID-19 pandemic.

The program saw rapid uptake. By late 2023, BanEcuador had issued over 100,000 loans, totalling more than USD 300 million, which represented about 20% of its total loan portfolio. The average loan size was around USD 3,000, and many recipients were first-time borrowers, indicating success in expanding financial inclusion.

However, the program raised serious concerns about financial sustainability. The concessional terms meant the real value of the loans was far below their nominal value, effectively making them heavily subsidized. BanEcuador received no direct government funding to cover this subsidy and had to finance the loans from its own balance sheet—using deposits or repayments from other loans. This created a cross-subsidization problem, straining the bank’s financial health.

As the program expanded, loan repayment discipline weakened. By early 2023, BanEcuador's non-performing loan (NPL) ratio had surged to 25%, up from 13% in 2019, and far above the 3–4% typical in private banks. While other factors contributed—such as the lingering effects of the pandemic and a government debt forgiveness program—the generous terms of Crédito 1×30 likely encouraged a perception that repayment was optional.

Financially, BanEcuador began to incur significant losses. In 2022 alone, it had to provision USD 52 million for loan losses and ended the year with a USD 110 million net loss, erasing previous years' retained earnings. The bank had recorded losses for three consecutive years (2020–2022), raising concerns about its solvency and the need for potential government recapitalization.

International institutions such as the IMF and World Bank expressed concern. The IMF noted that BanEcuador consistently reported losses and required a comprehensive restructuring. The World Bank criticized the bank for issuing small loans without using proper microcredit methodologies and warned that its financial model was unsustainable.

From a policy perspective, Crédito 1×30 demonstrated the trade-off between financial inclusion and fiscal prudence. The program reached a large number of rural households—BanEcuador claimed to have served 300,000 families with USD 1.2 billion in loans between 2021 and 2023—but it also blurred the line between banking and social support. This was especially evident when, in response to Indigenous protests in 2022, the government ordered BanEcuador to forgive all past-due loans up to USD 3,000 for low-income borrowers, benefiting 26,000 clients and writing off USD 60 million in loans.

6.9.5 Stakeholder mapping

As becomes clear from the previous sections, FINAGRO operates in a wide stakeholder field of both private- and public actors. For the continuation of this program, we mapped the various stakeholders according to both their interest and influence, in order to determine to what extent we should involve them going forward. Generally, we follow the following principle:^{295 296}

- High influence, high interest → collaborate
- High influence, low interest → involve
- Low influence, high interest → consult

²⁹⁵ Influence on scope and focus of FINAGRO.

²⁹⁶ Interest in the success and focus of FINAGRO.

- Low influence, low interest → inform



Figure 24: Stakeholder mapping for BanEcuador (Rabo Partnerships, 2025)

6.9.5.1 Government ministries and agencies

BanEcuador operates within a broader institutional ecosystem that shapes its rural finance activities. The Ministry of Agriculture and Livestock (MAG) leads agricultural policy and partners with BanEcuador on programs like Súper Mujer Rural and AgroSeguro, influencing lending priorities through initiatives such as DESATAR. The Superintendencia de Bancos (SB) regulates BanEcuador, monitoring its financial health and raising concerns over high delinquency rates, while also promoting financial inclusion. The SEPS oversees cooperatives, which are key rural finance actors, and though it doesn't directly coordinate with BanEcuador, both serve overlapping client bases and occasionally collaborate. Lastly, the Ministry of Environment and Water (MAATE) contributes to sustainable finance efforts, supporting early-stage green credit schemes in coordination with MAG and BanEcuador.

6.9.5.2 Financial institutions

Savings and credit cooperatives are important players in rural finance, acting both as collaborators and competitors to BanEcuador. In some regions, they coexist by serving different market segments or even the same clients with distinct financial products. BanEcuador has occasionally partnered with cooperatives for outreach and financial education events. Sector networks like RFD and ICORE represent cooperatives in policy discussions, advocating for regulatory changes that also impact BanEcuador, such as interest rate caps and access to second-tier funding. Meanwhile, private banks like Banco Pichincha and Banco Guayaquil generally do not collaborate with BanEcuador but are affected by its presence, especially when public subsidies create perceived market distortions. Although private banks mostly avoid BanEcuador's target segments, some are expanding into microfinance, raising concerns about competition. Associations like ASOBanca may lobby on these issues, while limited public-private cooperation exists in areas like SME loan guarantees.

6.9.5.3 Community and producer organisations

Ecuador has strong movements representing Indigenous communities and small farmers. Key organizations include CONAIE (Confederation of Indigenous Nationalities of Ecuador), CONFENIAE (Amazon Indigenous Federation), FEI (Federation of Indigenous Evangelicals), and FENOCIN (National Federation of Campesino, Indigenous and Black Organizations). These groups are vocal stakeholders regarding rural credit terms and debt issues. They frequently engage with government and banks, they also assist in organizing producers into associations or cooperatives, which can facilitate group lending. In some cases, BanEcuador has tried pilot projects working through Indigenous federations

– e.g., offering credit to members of a community cooperative with the federation’s endorsement as a form of guarantee. Such partnerships are still nascent.

6.9.5.4 International development organisations

Inter-American Development Bank (IDB) and World Bank have provided technical assistance to BanEcuador and the government on agricultural finance, and IDB has extended loans for MSME finance that include rural segments. GIZ (Germany) and other bilateral agencies have also done pilot programs (like digital finance training for cooperatives, or climate risk finance studies). These partners are stakeholders because they bring in resources, global expertise, and sometimes push for policy reforms (like improved credit information systems or green finance).

7 Annex B: Call reports regional roundtables

7.1 Regional Roundtable Report APR

On 28 May 2025, Rabo Partnerships organized a regional roundtable as part of the inception phase of the IFE for FST project, which has the aim to strengthen NDBs’ capacities to deliver effective financial services that meet the specific needs of small-scale farmers. APRACA supported Rabo Partnerships with the organization of the roundtable by facilitating the necessary introductions to the banks, supporting the participants with logistics and arranging the event venue.

The purpose of the roundtable was to identify:

- challenges and gaps faced by NDBs in rural finance; and
- key success drivers in rural finance initiatives.

7.1.1 Participants

After consulting the IFAD Country Directors as well as APRACA, the following NDBs from the 5 selected countries were invited for the roundtable:

- India: NABARD
- Pakistan: NBP
- Vietnam: Agribank
- Philippines: Land Bank of the Philippines

In addition to the selected countries, the following NDBs were invited to share their valuable knowledge and insights:

- China: ADBC
- Thailand: BAAC

In addition to these banks, a few central banks were invited based on their strong influence on the agricultural finance landscape in their respective countries:

- Pakistan: SBP
- Philippines: BSP

Finally, PKSF was invited, as they are a highly esteemed institution in Bangladesh, fulfilling an NDB-like role by focusing on improving financial and non-financial opportunities for smallholder farmers (SHFs).

Country	Organization	Abbreviation	Title
Bangladesh	Bangladesh Bank	BB	Additional Director
			Joint Director
	Palli-Karma Sahayak Foundation	PKSF	Deputy General Manager
			Manager
China	Agricultural Development Bank of China	ADBC	Chairman ADBC (and Chairman APRACA)
India	Bankers Institute of Rural Development	BIRD – NABARD	Director

Pakistan	State Bank of Pakistan	SBP	Executive Director, Financial Inclusion Group
			Senior Joint Director, Agriculture Credit & Financial Inclusion Department
	National Bank of Pakistan	NBP	Divisional Head, Agri. Business Division - Inclusive Development Group
			Group Head, Inclusive Development Group
Philippines	Bangko Sentral ng Philippines	BSP	Managing Director of the Financial Inclusion and Consumer Empowerment Sub-Sector
			Bank Officer II
	Land Bank of the Philippines	LBP	First Vice President
Vietnam	Agribank	n/a	Member of the Board of Directors
			Deputy Director of Credit Policy Department
			Staff Member, Financial Institutions Department
Thailand	Bank for Agriculture and Agricultural Cooperatives	BAAC	Director International Division
	Asia-Pacific Rural and Agricultural Credit Association	APRACA	Secretary General

Table 42: Final Participants list

7.1.2 Introduction to the Methodology

Joris Timmers and Sippora Zoutewelle from Rabo Partnerships facilitated the roundtable. They used the appreciative inquiry dialogue method to gain a better understanding of the challenges and success drivers according to the participants.

The appreciative inquiry dialogue method is a method used at Rabobank to facilitate dialogues between different stakeholder groups (e.g. bankers, farmers, students, government agencies) and understand what societal topics matter most. The outcome of these dialogues are then analysed and translated to possible strategic interventions and tangible actions for Rabobank.

- **Appreciative Inquiry** is a positive strength-based change approach that David Cooperrider uses to analyse high-performing teams. The approach points out that focuses on things that go well, rather than solely focusing on the challenges at hand, is a more effective manner to start change.
- By having a **dialogue**, rather than a debate, one can unlock wisdom by jointly examining a question, listening attentively, exploring shared experiences and reflecting on the insights.
 - (i)

The appreciative inquiry and dialogue approach combined, lead to the following dialogue phases:

1. Define (Explore): What's the current situation?

2. Discover (Deepen): What is going well? What do you want to take into the future?
3. Dream (Imagine): What is the ideal situation? What do we want to accomplish?
4. Design (Form): How do we realize this? What are the opportunities?
5. Deliver (Realize): What are we going to do?

7.1.3 Key takeaways from each phase

The overarching question for the dialogue was as follows:

What possibilities and opportunities do we see to strengthen NDBs, to improve financial opportunities for smallholder farmers in Asia?

The sections below summarize the outcomes of the dialogue according to the different phases.

7.1.3.1 Phase 1: Define (Explore)

Smallholder farmers face a range of challenges that span institutional, financial, and agricultural levels, significantly limiting their access to formal financial services. When asking the participants about the current state of financial opportunities for smallholder farmers in their respective countries, the following challenges were highlighted at the three levels:

7.1.3.1.1 National Government Level

At the national level, the absence of a legal framework designed for SHFs hinders their ability to access structured financial services. Government support is often inadequate, and the lack of a national green taxonomy makes it difficult for financial institutions to define and develop green finance products. This gap prevents the structuring of sustainable finance solutions tailored to agriculture.

7.1.3.1.2 Financial Level

Within the financial sector, several systemic issues persist:

Lack of affordable finance for SHFs

Funding for smallholder farmers is scarce, as financial institutions are generally reluctant to lend to this segment as they perceive agriculture finance and SHF finance as risky. In the addition to perceiving this sector as high risk, there is a structural mismatch between the long-term nature of agricultural investments and the short-term liabilities of financial institutions. While microfinance institutions offer some solutions, their interest rates are often prohibitively high. NDBs often play a crucial role in addressing financing gaps; however, in some countries, they lack a clearly defined mandate to prioritize the agricultural sector.

High costs to serve SHFs

The digitization of financial services remains limited; internal loan processing systems and external customer outreach still rely on physical interaction and paper-based methods. Additionally, loan sizes of SHFs are typically small, making them less profitable for lenders, and the remote locations of many farmers increase the cost and complexity of service delivery. High non-performing loan (NPL) rates further discourage lending.

Long turnaround times encouraging informal finance

The loan approval process for agri loans is often slow at first-level NDBs and private FIs, which drives farmers toward informal lenders who can provide credit quickly and with fewer requirements. Additionally, there is a shortage of trained personnel within NDBs and FIs to manage agricultural lending effectively.

Disparities in financial access among farmer segments and regions

Furthermore, access to finance is unevenly distributed—both between small and large farmers and across different geographic regions, with some areas being significantly underserved.

7.1.3.1.3 *Agricultural Level*

Lack of digital and financial literacy at farmer level

On the agricultural side, many farmers lack both digital and financial literacy, which limits their ability to engage with formal financial systems.

Lack of knowledge about good agri practices

There is a widespread lack of knowledge about optimal cultivation practices, leading to lower yields and food safety and health risks due to improper use of crop protection methods.

Limited market access

Smallholder farmers often have no direct connection to buyers and must rely on multiple intermediaries, which reduces their profit margins. The absence of storage infrastructure, such as cold storage facilities, leads to post-harvest losses and limits the ability of SHFs to negotiate fair prices.

Climate challenges

Finally, climate-related challenges, including natural disasters, frequently impact farmers' ability to repay loans. Insurance coverage for these risks is either unavailable or insufficient, as insurers are often unwilling to underwrite climate or weather-based risks, particularly in vulnerable regions.

7.1.3.2 *Phase 2: Discover (Deepen)*

In the second phase, the participants were challenged to think about a specific example of a solution that they think was helpful to improve financial opportunities for SHFs. The following existing solutions from the various countries were highlighted:

7.1.3.2.1 *General trends driving change*

Participants highlighted the transformative impact of the financial technology (fintech) revolution and the rapid growth of the agricultural technology (AgTech) sector. These trends are reshaping how financial services are delivered to farmers, making them more accessible, efficient, and tailored to agricultural needs.

7.1.3.2.2 *Government-level interventions*

Governments have played a crucial role by offering guarantees and interest rate subsidies to financial institutions, thereby reducing the perceived risk of lending to farmers. A key initiative highlighted is the development of digital public agricultural infrastructure in India, which lays the foundation for more integrated and data-driven financial services

7.1.3.2.3 *Central bank initiatives*

Central banks have contributed by creating a more enabling regulatory environment and deploying innovative solutions to encourage agricultural lending:

- In Pakistan, this includes the removal of rigid lending targets, allowing financial institutions to develop their own business strategies for the agricultural sector.
- Bangladesh Bank established a sustainable finance department which offers sustainable finance solutions to first-level banks and supports agribusiness and IT-related ventures through a special startup fund with low interest rates.
- In the Philippines, Bangko Sentral ng Philippines (BSP) developed a personal property security registry that allows borrowers to register personal assets as collateral to get an agri loan.
- The State Bank of Pakistan (SBP) designed a digital lending platform which allows farmers to apply for a loan by sending an SMS to an online portal. The portal verifies all available information, such as the borrower's telco identity, land records, credit bureau score, and crop patterns. The FI decides the loan amount based on all the

information given and loan disbursements happen automatically, which eliminates the need for the farmer to physically go to the bank to obtain a loan.

While interest rate subsidies remain a common tool across the central banks and NDBs to incentivize lending, credit guarantee schemes for SHFs as well as small and medium enterprises in agriculture are playing an increasingly vital role in engaging commercial banks and broadening access to finance.

7.1.3.2.4 Innovative financial solutions

NDBs have implemented a range of innovative financial products and platforms for SHFs:

- Land Bank of the Philippines (LBP) consolidated and replaced the many complex crop-specific schemes with 15 simplified lending programs, making it easier for bank staff to serve farmers with flexible loans that now match the production cycles of farmers.
- With the digitization of subsidized lending products, such as the Kisan Credit Card (KCC), the National Bank for Agriculture Development (NABARD) in India streamlines loan application processes and enables direct disbursements into the farmers' bank accounts (e-KCC).
- Guarantee funds for Farmer Producer Organizations (FPOs) set up NABARD, encourage commercial and cooperative banks across India to lend to these – so far - unserved groups.
- The National Development Bank of Pakistan (NBP) developed collateral-free agri value chain financing which has proven to be effective, with zero non-performing loans reported till date.
- NBP also emphasized the effectiveness and promise of its wholesale lending model, which enables it to provide funding to MFIs. These MFIs, in turn, have extensive outreach in underserved areas.
- The Palli-Karma Sahayak Foundation (PKSF) designed sustainable agriculture loans, using GIS to identify soil structures and crop suitability, which enabled PKSF to tailor financing to local soil and climate conditions.
- The Bank for Agriculture and Agricultural Cooperatives (BAAC) illustrated the development of loan products in collaboration with grant support from the Green Climate Fund and the German government which enables Thai rice farmers to transition to climate-resilient farming.

7.1.3.2.5 Non-financial support mechanisms

When sharing best practices, many stakeholders emphasized not only financial solutions but also a range of non-financial interventions. Participants highlighted AgTech solutions—such as geofencing, weather monitoring, crop suitability, and agri-advisory services—as key tools for supporting farmers. They also emphasized farmer training programs, partnerships with NGOs and research institutions, and the hiring of agricultural experts to enhance institutional capacity and promote technology adoption.

Examples of specific non-financial interventions include:

- In Pakistan, integrated service hubs – 'one-stop shop for farmers' – have been established by SBP with the aim to offer agri inputs and value-add services in collaboration with financial institutions.
- In Vietnam, Agribank encouraged the establishment of loan groups and women's associations that foster peer accountability have demonstrated very low default rates (0.6%). The associations know the borrowing members, which leads to the borrowing members displaying a positive repayment behaviour, as they don't want to be called out by these groups for non-payments.
- In India there has been an increased focus from the government as well as NABARD on strengthening cooperative banks, which have extensive and strong rural networks.
- Establishment of a customer development unit within the bank to provide fundamental financial, agricultural and market literacy trainings to customers, has been an important instrument at BAAC, Thailand.

- BAAC also highlighted the creation of a Farmer Product Development Unit, which supports farmers in building market linkages, along with the establishment of agricultural marketing cooperatives composed of member aggregators.
- Agribank described working with an AgTech start-up that had the vision to become the Amazon for agri inputs. Agribank was willing to provide credit for customers to digitally order agri inputs and offer them the opportunity to repay during the harvesting cycle. Unfortunately, the start-up didn't get a license due to limiting regulations, but the concept remains very interesting and innovative.

7.1.3.2.6 *Integrated approaches*

Many participants emphasized that the most effective solutions combine financial and non-financial services. One example is an inclusive livestock insurance product offered by PKSF and the Asian Development Bank (ADB), that not only provides coverage but also includes veterinary support and health advisory services, significantly reducing livestock mortality. Another example involves LBP making capacity building mandatory for farmers before they can access finance, ensuring they are better prepared to manage loans and improve productivity.

7.1.3.3 *Phase 3: Dream (Imagine)*

'A dream is not what you see in sleep, it's something that doesn't let you sleep.'; quote by one of the participants.

In this phase the participants were asked to envision the ideal situation in which they experienced NDBs are strengthened, and thus financial opportunities of smallholder farmers have improved. The ideal situations as shared by the participants can be summarized as follows:

7.1.3.3.1 *Risk Mitigation & Financial Inclusion*

- A comprehensive ecosystem protects farmers from input, credit, production, and price risks through AgTech and de-risking mechanisms offered by the NDBs—eliminating the need for interest rate subsidies.
- All banking risks are covered, enabling seamless credit access and 100% repayment rates.
- Agri-finance becomes guarantee-free, reflecting a matured financial system.
- Informal lending is minimized due to faster turnaround times from formal institutions.
- Both NDBs and commercial banks actively finance farmers.

7.1.3.3.2 *Access to Finance & Alternative Models*

- The funding gap for farmers is fully addressed.
- A viable alternative to MFIs emerges, potentially backed by investors or crowdfunding.
- The relationship between banks and farmers evolves into a partnership model instead of only a lending relationship, with profit-sharing and tailored financial products.

7.1.3.3.3 *Market Access & Value Chain Integration*

- Farmers overcome information asymmetry and now have access to markets and higher bargaining power.
- Post-harvest losses are minimized through technologies like cold storage.
- Farmer collectives become dominant players in agri-commodity markets.
- Secondary processing is well-developed, adding value beyond primary production.
- The entire agri value chain is developed and banked, with smallholders included via input and market linkage guarantees.

7.1.3.3.4 *Technology & Digital Transformation*

- Farmers are digitally literate and capable of using digital solutions, including AI.
- The technology gap between availability and on-farm use is significantly reduced.
- A national agricultural platform integrates data across the value chain, offering relevant data insights to each onboarded stakeholder group and enabling banks to assess risks and tailor products. Banks focus on their core competencies, developing specialized financial solutions instead of offering one-size-fits-all products.
- Infrastructure for digital banking ensures universal access to information, training, and services.

- Farmers have clear visibility into their supply chain through Know Your Supplier (KYS), Know Your Buyer (KYB), and Know Your Processor (KYP) systems, all of which are digitized for greater transparency and efficiency

7.1.3.3.5 *Education, Innovation & Youth Engagement*

- All farmers are financially educated and receive fair prices for their produce.
- There is a strong focus on research and innovation to improve yields and ensure food security.
- Academia, ministries, and the central bank play active roles in driving innovation.
- Youth are increasingly involved in the agriculture sector.

7.1.3.3.6 *Livelihood & Well-being*

- Farmers live contentedly on their land, empowered by access to technology and services, with no need to migrate.
- Support is available for exporting products and obtaining certifications.

After asking the participants about their ideal situation, they were challenged to think about the role of the private sector in achieving this vision. They described *private sector participation* as follows:

- Banks should focus on financing input suppliers rather than farmers directly for input loans, ensuring more efficient – closed loop - credit flow.
- Banks could develop forward purchase agreement products that allow them to purchase crops at a fixed price before harvest, store the commodities, and sell them to processors, an approach that several Islamic banking institutions in Pakistan have already adopted.
- Credit products with built-in crop insurance should be designed by FIs, reducing risk for both farmers and lenders.
- Credit guarantee schemes should be offered by NDBs to the private sector in order to make agricultural finance to agri SMEs and farmers more attractive.
- Inclusive participation should be encouraged, not just through NGOs, but also through the private sector to stimulate farmer involvement in financial planning and decision-making.
- An ongoing dialogue between NDBs and key private sector institutions should be established to align efforts, find synergies and drive systemic change.

7.1.3.4 *Phase 4: Design (Form)*

In the fourth phase, participants were challenged to think about what and who would be needed to realize their vision.

What and who is needed?

7.1.3.4.1 *Mitigating risks for farmers and FIs*

SBP described the need for mitigating yield risk by bundling finance products with insurance, addressing input quality risk by connecting farmers with reliable agricultural service providers, and managing price risk through mechanisms such as forward selling, bank-financed commodity storage, and warehouse receipt financing.

For financial institutions, credit risk could be reduced by gaining a deeper understanding of agricultural business models. LBP suggested to tackle this lack of understanding by deploying relationship managers that have a strong agri background. A way to better manage credit risks – according to SBP - is to using alternative data sources for credit scoring, such as remote sensing to assess land quality and investment potential, and utility bills as an income proxy. According to LBP, having access to additional data points will not only support with determining the credit worthiness of a customer, but will also enable FIs to develop new financial solutions.

7.1.3.4.2 *Concessional funding and blended finance*

- BB aims to realize their dream of closing the funding gap for farmers in Bangladesh by providing low-cost funding to NDBs, supported by international partners. They are also keen to learn how other regional central

banks are tackling the funding gap in their respective countries and would like to use these insights for shaping up their own national policies.

- BIRD proposed establishing a blended finance fund to support value chain financing for SHFs, conducting more research on financial products, as there is currently a lack of universal solutions, and encouraging private capital to actively participate in building agri value chains, rather than waiting for them to be fully developed.

7.1.3.4.3 *Coordinated approach*

Multiple participants agreed that there is a need for collaboration among private banks, central banks, international organizations (such as IFAD), government ministries, and technology providers. Different ideas on such collaboration were proposed:

- A multi-stakeholder committee—including central banks, ministries, farmer groups, and banking associations—is proposed to co-develop financial products. These products would be piloted with support from central banks.
- BSP flagged that there is a need for a coordinated approach regarding realizing access to credit for farmers, considering that different stakeholder groups have very different mandates. When asked who would be best positioned to coordinate this, they mentioned seeing a role for themselves and that they already chair the financial inclusion steering committee in the Philippines.

7.1.3.4.4 *National agricultural platform*

- BAAC advocated for a national agricultural platform in the previous phase and shared the need for involvement of the Ministry of Agriculture to support with building up a database through conducting surveys and private sector involvement, especially exporters to reflect real market demand and act as off-takers on the platform. Finally, BAAC invites IFAD to pilot such a platform, specific to one crop, to create a PoC.
- SBP also proposal a national platform, but with a slightly different focus. Their solution would be to have farmers and their basic details, such as crop and location, mapped on the platform, so MFIs and FIs would find it easier to find potential customers and can make a clear customer segmentation based on their strategy.

7.1.3.4.5 *Structured value chain*

Agribank shared their vision of a structured value chain, and is confident that this can be realized through policy reforms to remove regulatory obstacles, technology companies contributing to areas like crop management and disaster forecasting, and peer-to-peer learning among smallholder farmers. PKSF shared similar ideas to leverage technology and data to forecast production and cropping patterns with the aim to help farmers make informed cultivation decisions. They furthermore expressed the need for additional research and development as well as technical support from the governmental department of agricultural to create structured value chains and realize a food system transformation.

7.1.3.5 *Phase 5: Deliver (Realize)*

When asking about what steps the participants would take tomorrow to realize their ambitions, the following responses were given:

- Report the outcomes of the dialogue to its management and begin collaborating to further develop some of the ideas discussed with IFAD and RP.
- Introduce a collateral-free loan product to support financially vulnerable farmers.
- Set up a special fund to scale green bonds across other APRACA member countries, with technical assistance from APRACA and RP.
- Continue working on reducing interest rates for farmers to ease their financial burden.
- Improve data management and developing crop insurance in collaboration with the government and insurance companies. It also remains flexible in designing loan products tailored to farmers' needs.
- Fully digitize the loan process for women farmers, including credit scoring and training components.

As Phase 5 drew to a close, Joris recapped the key insights from the roundtable and expressed his gratitude to all participants for their valuable contributions and continued engagement throughout the entire day.

Dr. Prasun Kumar Das, APRACA, closed the roundtable by sharing his observations and *highlighting several promising key initiatives in their closing remarks:*

1. The presence of deposit-taking microfinance institutions.
2. The potential for NDBs to offer alternative forms of collateral, such as infrastructure.
3. The use of cash-based credit assessments.
4. The establishment of tripartite agreements involving central banks, the private sector, and potentially governments, including a guarantee mechanism distinct from insurance.
5. The availability of high liquidity in Asia, which can support banks' asset-liability management.
6. The creation of a market stabilization fund.

7.2 Regional Roundtable Report LAC

On 13 May 2025, Rabo Partnerships organized a regional roundtable for the region Latin America and the Caribbean as part of the inception phase of the IFE for FST project, which has the aim to strengthen NDBs' capacities to deliver effective financial services that meet the specific needs of small-scale farmers. ALIDE supported Rabo Partnerships with the organization of the roundtable by facilitating the necessary introductions to the banks, supporting the participants with logistics and arranging the event venue. The roundtable was an extension of ALIDE's annual assembly and therefore hosted in the same venue in Santo Domingo, Dominican Republic.

The purpose of the roundtable was to:

- Identify challenges and gaps faced by NDBs in rural finance; and
- Identify key success drivers in rural finance initiatives.
- Initiate proactive sharing of knowledge and experiences among the NDBs in the selected countries

7.2.1 Participants

After consulting the IFAD Country Directors as well as ALIDE, in addition to RP's own desk research, the following NDBs from the 4 selected countries were invited for the roundtable:

- Bolivia: BDP
- Colombia: FINAGRO
- Ecuador: BanEcuador
- Mexico: FIRA (invited, but was not able to participate)

In addition to the above, the following NDBs were also invited to share their valuable knowledge and insights during the roundtable:

- Dominican Republic: Banco Agrícola
- Mexico: NAFIN
- Ecuador: CONAFIPS

IFAD and ALIDE were also represented during the roundtable.

Country	Organisation	Name	Title
Bolivia	Banco de Desarrollo Productivo	Ariel Erwin Zabala David	General Manager
		Luis Gonzalo Erquicia Davalos	Operational Manager
Colombia	FINAGRO	Rodolfo Bacci Trespalacios	Commercial Vice President

		Roger Mauricio Bojaca Bulla	Professional Advisor
Ecuador	BanEcuador	Francisco Javier Mino Ron	Chairman of the Board
		Angel Polibio Valverde Gallardo	Sustainable Finance Advisor
	CONAFIPS	María Belén Loor	Chairman of the Board
Mexico	NAFIN	Ismael Villanueva Zuñiga	Adjunct National Director
Dominican Republic	Banco Agrícola	Fernando Durán	General Manager
Dominican Republic	IFAD	René Castro	Country Director
Regional	IFAD	Bettina Prato	Regional Director a.i. LAC
Regional	IFAD	Fallon Casper	Regional Technical Specialist for Markets and Value Chains
Regional	ALIDE	Carols Bravo Velásquez	Head of Strategic Development and Project Control

Table 43: Final participant list

7.2.2 Introduction to the Methodology

Joris Timmers and Rubiga Sivakumaran from Rabo Partnerships facilitated the roundtable. They used the appreciative inquiry dialogue method to gain a better understanding of the challenges and success drivers according to the participants. The input from the roundtable is additional to the desk research that RP has performed on all selected countries and will be combined in the Inception Report of the IFE-FST program.

The appreciative inquiry dialogue method is a method used at Rabobank to facilitate dialogues between different stakeholder groups (e.g. bankers, farmers, students, government agencies) and understand what societal topics matter most. The outcome of these dialogues are then analysed and translated to possible strategic interventions and tangible actions for Rabobank.

- **Appreciative Inquiry** is a positive strength-based change approach that David Cooperrider uses to analyse high-performing teams. The approach points out that focuses on things that go well, rather than solely focusing on the challenges at hand, is a more effective manner to start change.
- By having a **dialogue**, rather than a debate or discussion, one can unlock wisdom by jointly examining a question, listening attentively, exploring shared experiences and reflecting on the insights.

The appreciative inquiry and dialogue approach combined, lead to the following dialogue phases:

1. Define (Explore): What is the current situation?
2. Discover (Deepen): What is going well? What do you want to take into the future?
3. Dream (Imagine): What is the ideal situation? What do we want to accomplish?
4. Design (Form): How do we realize this? What are the opportunities?
5. Deliver (Realize): What are we going to do?

7.2.3 Key takeaways from each phase

The overarching question for the dialogue was as follows:

What possibilities and opportunities do we see to strengthen NDBs, to improve financial opportunities for smallholder farmers in Latin America?

The sections below summarize the outcomes of the dialogue according to the different phases.

Before kicking off the five phases, Bettina Prato acknowledges in her opening words the diversity of participants and the shared ambition that brought them together: to co-create a more inclusive financial ecosystem that supports the transformation of food systems. She emphasises that the lack of adequate and appropriate financing remains one of the most persistent barriers to rural prosperity and agricultural transformation, and outlines how this joint IFAD/RP project aims to contribute to the solution of the challenge.

7.2.3.1 Phase 1: Define (Explore)

When asking participants about their associations with the central question, various – recurring – themes arose, as listed below.

- It starts with access to affordable and long-term resources at NDB level. Without this, it is not possible to improve opportunities for smallholder farmers.
- Technical assistance and support towards farmers on how to manage finances, improve their yields, and deal with climate change. Farmers often operate in the informal sector so require support on this.
- Innovation and technology, to serve farmers in a faster way while lowering transaction costs of reaching rural areas.
- Strategic alliances with the private sector can complement NDBs.
- Favourable regulations of the government are required to make NDBs flourish.
- Trust should be increased, both from NDBs towards farmers as well as from farmers towards NDBs.
- Artificial Intelligence and data management provide large opportunities for NDBs for alternative risk management, but this is currently not being applied yet.
- Financial institutions should be able to grow along with their clients, so products/services should also be tailored to (small) emerging farmers (rather than smallholders only).
- Climate risk is increasing in all countries being represented. This can be managed through both data management as well as technical assistance towards farmers. However, other than only seeing it as a risk, it should be seen as an opportunity. Sustainability can be seen as an opportunity from market perspective, e.g. looking at carbon credits.
- Other emerging opportunities to raise capital include green funds (from international development finance institutions), and issuing bonds.

7.2.3.2 Phase 2: Discover (Deepen)

Based on the initial associations with the central question, participants shared more concrete examples and lessons learned from relevant initiatives of their NDB.

FINAGRO described its financial education program for cooperatives, and the DECISION tool that they developed for credit evaluation and risk profiling. This tool has enabled cooperatives and other financial intermediaries to better understand their clients and tailor financial products accordingly, while not completely erasing physical client contact from the process. FINAGRO has noted that financial intermediaries are committed to field visits and find it difficult to fully trust their clients if the process is completely digital. Important actors in executing FINAGRO's products and processes include DiD (initially supported development of DECISION), and Banco Agrario. The latter is channelling largest part of FINAGRO's funds at the moment, so cooperatives could play an important role in diversifying this. At the moment, FINAGRO has more available resources than demand, so they have excess liquidity.

Another key feature of FINAGRO is the Fondo Agropecuario de Garantías (FAG), a guarantee fund which reduces the risk for financial intermediaries. The fund is combined with agricultural insurance. Finagro also manages an incentive program that subsidises up to 90% of the insurance premium. This combination has allowed previously unbanked farmers to access credit for the first time.

CONAFIPS mentions that cooperatives are usually close to their members, so these are well positioned to accompany clients in their growth. CONAFIPS supports these cooperatives with training on credit evaluation and product design. Important actors in enhancing NDBs' capabilities are CAF and Biofin, the latter for e-learning.

BDP presents their use of "Fichas Inteligentes", these are smart crop profiles that help credit officers assess risk and tailor loans. These profiles are based on regional and crop-specific data and are integrated with climate information systems. The bank uses these data to measure both financial and environmental impact on clients. BDP also focuses on adding technical assistance to their products. Especially if digital products are offered, these need to be accompanied by technical knowledge on how to use it.

NAFIN is traditionally focused on industrial- and export finance. They are now entering the agro-industrial space. By partnering with FIRA, they support value-added transformation of agricultural products. They also offer factoring, inventory-based loans, and investment finance.

Banco Agrícola (Dominican Republic) used to have fully manual operations, but has undergone a digital transformation. They also describe the launch of a zero-interest loan program during the pandemic, funded by public funds from IDB and JAICA. Another key example includes "Campo Joven", an initiative that provides credit lines to youth with small agribusinesses (conditions depending on the type of project). A notable success story involved displaced farmers who, with technical and financial support from Banco Agrícola, formed cooperatives and increased their income from \$50 to \$800 a month.

BanEcuador describes their work as a first-tier public bank, and the importance of generating both financial and social returns. Their flagship product "Crédito Libre de Deforestación" blends concessional finance with sustainability incentives, technical assistance, and market access. This is a medium-term credit line, with BanEcuador partly compensating the interest if the client fully pays back the loan. They receive commercial support from the European Union for this product. On Technical Assistance, BanEcuador mentions that they prefer to work with independent providers as this ensures quality. Yet, it is important to be careful that this doesn't generate corruption.

ALIDE shares an example from South Peru, where BBVA launched partnerships with private value chain actors to reduce transaction costs and retain liquidity in rural areas. One example involved using beer delivery trucks to transport cash, keeping liquidity in rural areas and reducing operational costs.

7.2.3.3 Phase 3: Dream (Imagine)

Overall, participants envisioned a future where:

- NDBs are digitally enabled and data driven.
- Smallholders access affordable, tailored financial services.
- Private capital is mobilized through de-risking mechanisms.
- Green finance and carbon markets support sustainable agriculture.
- Youth and women are empowered through inclusive products.
- Digital platforms connect all actors in the agri-finance ecosystem.

BDP specifically mentions the idea for a climate data system that supports predictive analytics flagging the opportunity for TA. Mobile-device-based farmer support can be linked to this. As most clients have connectivity, this should be possible.

FINAGRO mentions full digitisation of credit origination and enhanced cooperative capacity, with more financial intermediaries being interested in agri finance. Digital channels should provide weather information towards farmers.

BanEcuador mentions that NDBs should have strong governance structures in place that shields them from political interference.

7.2.3.4 Phase 4: Design (Form)

Moving from vision to strategy, participants identified what is needed to turn their aspirations into reality. The discussion focused on institutional, operational, financial, and collaborative dimensions, with each institution contributing ideas based on their context.

Institutional strengthening

- **Governance and autonomy:** reinforcing the role of independent boards and ensuring the continuity of institutional strategies across political cycles.
- **Policy and regulatory reform:** Importance of adapting regulatory frameworks to support digital lending, risk-based pricing, and the use of alternative credit scoring models. FINAGRO noted the need to revise provisioning rules that currently penalise lending to clients with minor credit history issues.
- **Strategic alignment with national development plans:** participants stressed the importance of aligning financial inclusion strategies with broader national goals, such as climate resilience, food security, and rural development.

Operational enhancements

- **Digital infrastructure:** investments are needed in platforms that support credit origination, monitoring, and data analytics.
- **Human & technical capacity:** participants (especially CONAFIPS and FINAGRO) identified the need to expand their teams and invest in staff training. This includes building internal capacity for data analysis, product design, and digital service delivery.
- **Product innovation:** participants discussed the need to design modular financial products tailored to the diverse needs of smallholders, based on examples like BanEcuador's results-based interest rebate model or FINAGRO's bundled credit- and insurance products.
- **Monitoring and Evaluation:** institutions emphasised the importance of not just credit disbursement but also impact. On income, productivity, and environmental outcomes. BDP and BanEcuador are already integrating environmental metrics into their loan monitoring systems.

Financial instruments and mechanisms

- **Guarantee schemes:** strong consensus on the need for scalable, affordable guarantee mechanisms. FINAGRO's FAG was cited as a model, especially when combined with subsidised insurance.
- **Green and climate finance:** Especially BanEcuador and IFAD proposed leveraging green bonds, carbon credits, and climate funds to finance sustainable agriculture. BanEcuador shared their experience with the Green Climate Fund and discussed the potential of using water funds and Amazon development funds as long-term financing sources.
- **Blended finance and remittances:** the group explored the potential of blended finance structures that combine public, private, and philanthropic capital. Banco Agrícola highlighted the untapped potential of channelling a portion of remittances into productive rural investments.
- **Digital credit and alternative scoring:** BDP and FINAGRO mentioned the opportunities of the use of alternative data (mobile usage, agronomic data) to assess creditworthiness and reduce transaction costs.

Collaborative platforms and ecosystem building

- **Peer learning and knowledge exchange:** participants expressed strong interest in continued cross-country learning.
- **Public-private partnerships:** ALIDE and Banco Agrícola shared successful examples of partnering with private companies to reduce costs and improve service delivery.
- **Multi-stakeholder coordination:** several participants emphasised the importance of aligning efforts across ministries (e.g., agriculture, finance, environment) and with local governments and within the broader

financial ecosystem & agricultural value chain. This could also tackle the current mismatches between supply and demand of produce.

7.2.3.5 Phase 5: Deliver (Realize)

What are actions that can be started from tomorrow onwards?

- Enhance institution's knowledge on the digitization theme.
- Critically revise internal governance of the institution and generate internal conversations on the topic.
- Rabo Partnerships will have follow-up conversation with all selected institutions of the program.
- All selected institutions will receive (through IFAD) the inception report of the program, so they can learn in more detail from each other's best practices.

7.2.4 Closing

Bettina Prato formally closes the meeting with some final reflections. She emphasizes the importance of staying connected, learning from each other, and keeping the broader ecosystem in view. She reminds the group that while pilots are important, the real goal is systemic change – and that change begins with conversations like this one.

8 Annex C: Criteria matrix

8.1 Absolute values of criteria matrixes

Category	Indicator	India	Philippines	Vietnam	Bangladesh	Pakistan
Financial Ecosystem Readiness	Presence of active NDBs with agri mandate	NABARD	LBP	Agribank	-	-
	Existing blended finance mechanisms	Institutionalised	Institutionalised	Institutionalised	No	No
	Existing risk guarantee mechanisms	Institutionalised	Institutionalised	Institutionalised	No	No
Impact potential	Share of smallholder farmers in agriculture	85%	70%	89%	85%	65%
	Gender inclusion gap	0%	13%	7%	20%	21%
	Potential to improve formal access to credit	23%	52%	47%	50%	82%
Institutional engagement	Willingness of NDBs to collaborate	Medium	High	Medium	-	High
	Focus country for IFAD	Yes	Yes	Yes	Yes	Yes
Innovation potential	Access to internet	52%	84%	78%	45%	46%
	Existing use of digital tools	Scaled tools	Scaled tools	Pilots	No	No
Risk and stability	Political stability	-0.37	-0.54	-0.42	-0.70	-0.58

Table 44: Absolute values for APR criteria matrix (Rabo Partnerships, 2025)

Category	Factor	Mexico	Colombia	Bolivia	Ecuador
Financial Ecosystem Readiness	Presence of active NDBs with agri mandate	FIRA	FINAGRO	BDP	BanEcuador
	Existing blended finance mechanisms	Institutionalised	Institutionalised	Institutionalised	Pilot
	Existing risk guarantee mechanisms	Institutionalised	Institutionalised	No	No
Impact potential	Share of smallholder farmers in agriculture	15%	70%	80%	64%
	Gender inclusion gap	14%	10%	10%	12%
	Potential to improve formal access to credit	53%	44%	49%	65%
Institutional engagement	Willingness of NDBs to collaborate	High	High	High	Medium
	Focus country for IFAD	Yes	Yes	Yes	Yes
Innovation potential	Access to internet	78.6%	69.8%	61%	76.4%
	Existing use of digital tools	Scaled tools	Scaled tools	Pilots	No
Risk and stability	Political stability	-0.73	-1.01	-0.61	-0.45

Table 45: Absolute values for LAC criteria matrix (Rabo Partnerships, 2025)